The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Two Significant Views on War---China Versus Japan or Japan Versus USSR?

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SATURDAY, JULY 25, 1936 VOLUME 77, NUMBER 8

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PEIPING	12.10				12.45	

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TIME TABLE

(Effective from April 1, 1936).

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Tues.	7.45	Arr.	Nanking	Dep.	17.00	Thurs.
&	10.40	Arr.	Chengchow	Dep.	14.10	&
Sat.	13.20	Arr.	Sian	Dep.	11.30	Sun.
	16.00	Arr.	Lanchow	Dep.	8.00	
	17.00	Arr.	Chengtu	Dep.	8.00	
Every						Every
Wedns.	8.00	Dep.	Chengtu	Arr.	16.30	Wedns.
&						&
Sat.	11.30	Arr.	Yunnanfu (Kunming)	Dep.	13.00	Sat.

PEIPING - CHENGCHOW LINE

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Wedns.	10.20	Dep.	Ninshia	Dep.	15.20	Wedns.
	12.20	Arr.	Paotow	Dep.	13.00	

NOTES: 1. This time table is effective on and after 1st. April, 1936 and is subject to change without notice.
2. Special flights to other places can be arranged by special agreement.

Latest New York Stock Exchange Quotations

July 22, 1936

Stock Exchange— Business Done:-
Total Volume: 1,590,000 Shares

1936 High	1936 Low	Div. $ per sh.	STOCKS	Last Sale July 20	Last Sale July 21
18⅞	9⅝	0.10	Adams Express	12⅞	12⅝
136⅞	115¾	4.00	American Can	135⅛	130½
40¾	29¼	0.60	Amer. Cyanamid "B"	36	35½
9¾	6½	—	American & For. Power	7⅞	7¾
43	29¾	—	American & Foreign Pwr. $7 pfd.	40⅞	39
27⅜	18¾	—	American Radiator	21¾	21⅞
178	149½	9.00	American Tel. & Tel.	171¼	170¼
104	88½	5.00	American Tobacco "B"	101¾	101¾
26	19⅛	—	American Waterworks	25½	25⅞
39¾	28	0.25	Anaconda Copper	39¾	39¾
86⅝	59	2.00	Atchison, T. & S. Fe	83	84¼
54¼	27	—	Auburn	32¾	33¼
24¼	15⅞	—	Baltimore & Ohio	20⅞	20⅞
63¾	45¾	—	Bethlehem Steel	53¾	54⅜
26½	16⅞	—	Boeing Airplane Co.,	24½	24¼
16	10⅞	—	Canadian Pacific Railway	13⅛	13¼
183⅛	92½	—	Case, J. I.	159	167
48½	34	1.40	Chase National Bank	46⅝	46¾
85	59	3.00	Chesapeake Corp.	84	82
68⅝	51	2.80	Chesapeake & Ohio	68⅛	67⅝
116⅛	85½	4.00	Chrysler	116¼	119⅜
21⅝	14	0.40	Columbia Gas & Electric	21¼	21
24⅝	14¼	0.60	Coml. Solvents	15⅛	15⅛
5½	2¼	—	Commonwealth & Southern (ord.)	3⅝	3⅛
42	27¼	1.00	Consolinated Edison	42	41¾
15¼	11½	0.25	Consolidated Oil	13⅛	13⅜
38½	28⅛	87½	Continental Oil	33¼	33
82	68½	3.00	Corn Products	73¾	73½
75¾	50⅝	0.75	Douglas Aircraft	69½	69⅝
164¼	133	3.60	Du Pont de Nemours	164	166½
25½	15¾	—	Electric Bond & Share	24½	24⅝
41⅞	34½	1.00	General Electric	41¼	42¼
43	33⅜	1.80	General Foods	40¾	40¾
71	53⅞	2.00	General Motors	69⅝	70⅞
50	32½	1.00	General Railway Signal	36¾	38
21⅜	12⅞	0.60	Gold Dust	13⅜	13⅝
31⅞	21¾	—	Goodyear Tire & Rubber	24⅛	24⅞
76½	57¼	1.00	Humble Oil	67¼	67
54¼	43¼	1.00	Internation Nickel	51¼	51½
19¼	12	—	International Tel. & Tel.	13⅞	14
44	28¼	1.00	Kennecott	44	44
54⅞	43	2.00	Loew's Inc.	51½	51⅞
26½	21¼	1.20	Lorillard	24¼	24⅛
103	80¾	1.00	Monsanto Chemical	95½	97½
45¾	35¾	0.20	Montgomery Ward	43¼	43⅝
41⅞	31	1.00	National City Bank	41⅝	41⅞
28¼	21	1.20	National Dairy Prods.	27½	27⅛
33⅜	26¼	2.00	National Distillers	27½	27⅞
14⅞	9¾	0.60	National Power Lt.	13	13⅛
42¼	27¾	0.10	New York Central	39¾	40¼
34⅛	23½	1.00	North American	34½	34¼
40½	30¾	1.50	Pacific Gas & Electric	40⅜	40⅞
58¼	47⅝	2.40	Pacific Lighting	58¼	58½
13	6⅞	0.10	Packard Motors	11	11⅝
39	28¼	1.00	Pennsylvania Railroad	36⅞	37½
49⅝	38⅛	1.00	Phillips Petroleum	46¼	46
48¾	39	2.40	Public Serv. of N. J.	48⅛	48¾
14¼	9¾	—	Radio Corporation of Amer.	12	12
58⅝	50	3.00	Reynolds Tobacco "B"	55¾	55¾
52	38⅜	—	Schenley	39	39¼
79⅝	59⅝	2.00	Sears Roebuck	79¼	79
17	12½	0.40	Socony-Vacuum	14¼	14
31¼	25	1.50	Southern California Edison	31¼	31⅜
38⅞	23½	—	Southern Pacific	38¼	39⅛
18	14⅜	0.80	Standard Brands	16	16
9⅞	5¼	—	Standard Gas & Electric	8	7¾
70	51⅛	1.00	Standard Oil Co. of N. J.	64⅝	64⅝
73¾	65	3.80	Sterling Products	73¾	73⅞
38¾	38	2.00	Texas Gulf Sulphur	35	35¼
14¾	11	0.30	Transamerica	13⅜	13½
95⅞	71⅝	2.00	Union Caride & Carbon	95⅝	96
138¼	108½	6.00	Union Pacific	135	137¾
32⅝	20⅝	—	United Aircraft (New)	26⅞	27
21	13	—	United Airline Trans.	18½	18¼
9¼	5⅜	—	United Corporation	8	8⅛
19½	14⅜	1.00	United Gas Improvement	17⅜	17¼
59	33⅞	2.00	U.S. Indus. Alcohol	35¼	35¼
35	16⅝	—	U. S Rubber	29⅞	30¼
72⅜	46⅜	—	U. S. Steel	63¼	63⅜
27¼	16¼	—	Vanadium	20⅜	20⅝
14⅝	9¼	—	Warner Bros. Pictures	11⅛	11⅜
134⅞	94½	1.75	Westinghouse Electric	133½	135⅛

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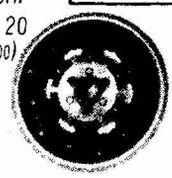

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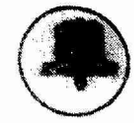

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The China Weekly REVIEW

Formerly Millard's Review

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Formerly Millard's Review

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"STRUGGLE FOR KIEV" SHOWED CHINA MILITARY STRENGTH OF USSR

THE Soviet Russians, for quite obvious reasons, do not want to see China ally herself with Imperial Japan and these reasons do not greatly differ today from those which were involved in the war between Japan and Czarist Russia which began on the plains of Manchuria Feb. 10, 1904 and ended with a Japanese victory and a peace treaty signed at Portsmouth, U. S. A. on September 5 of the next year. The Portsmouth Treaty, ending the first Russo-Japanese War was a great triumph for President Theodore Roosevelt and the American policy of the Open Door because by virtue of this treaty Russia and Japan both declared their lack of territorial ambitions or desire for preferential exclusive concessions in impairment of the sovereignty of China or inconsistent with the principle of equal opportunity for all nations.

One wonders whether another Roosevelt sitting in the White House today will have the courage and initiative of his illustrious relative and predecessor to accomplish another triumph for American diplomacy and world peace and again in connection with the relations of Japan and the Russians.

We do not have in mind another peace conference—following another war between Japan and the Soviets—but an American policy intelligently and courageously directed which would prevent the outbreak of such a struggle—now generally forecasted from all quarters.

The subject was suggested by the recent showing in Shanghai of the Soviet film, "Struggle for Kiev," in which more than 30,000 red soldiers participated. There was significance in the exhibition of the film here by the Soviet Ambassador D. V. Bogomoloff as there was in the staging of recent Soviet military maneuvers in the vicinity of Kiev, most important city in the Ukraine. For many months there have been rumors of German-Polish intrigue in the Ukraine, the object being to cut off that territory from the

USSR and create a new "puppet" state somewhat as Japan has done with the Manchurian provinces, East Hopei zone, Inner-Mongolia and North-China. The Soviet military maneuvers and exhibition of the film, "Struggle for Kiev," constituted Russia's answer to foreign intrigue involving her territory. The showing of the film here therefore served a double purpose, because there have been rumors of a German-Japanese alliance, particularly since Germany signed the trade-barter deal with Manchukuo. But regardless of the rumored German-Japanese military alliance there is no questioning the Japanese Army's ambition to cut off the Siberian Amur and Maritime provinces and create another puppet state there that would be nominally controlled by White Russians of the Semienoff type who would be amenable to Japanese wishes.

Aside from its spectacular interest as a film there was deep significance in the Soviet maneuvers in the Ukraine because of the extent of the military display and the vast amount of modern mechanized military equipment exhibited. Several of the new 2-4 ton light tanks, 7-11 ton types and a number of the mammoth 40-ton tanks designed for the purpose of breaking through lines, were exhibited under conditions closely approaching actual warfare. But greatest interest was displayed in the new-type heavy 4-motored airplanes, several of which are now stationed in the Habarovsk-Vladivostok region of Siberia. These planes, according to a recent article in the *Asahi Shimbun* (Tokyo), by Col. Hikosaburo Hata, former Japanese Military Attache in Moscow, are capable of flying from Vladivostok to Tokyo in three and a half hours and carrying sufficient explosives to wipe out a considerable portion of the city. The lifting power of these planes was evident in the actual transportation of tanks, armored cars, military trucks, light artillery and large numbers of soldiers. It was this type of large transport plane that the Russians used in the recent dropping of 1,200 soldiers, fully armed, including machine-gun units, behind the lines of the theoretical enemy, by means of parachutes.

There was significance in the display of this Soviet military equipment here, just as there is significance in the stationing of the combined U. S. Fleet at Honolulu and the British fleet at Singapore.

Elsewhere in this issue of *The Review* are two articles of unusual interest bearing directly on this subject—war in the Far East—whether between Japan and China or Japan and the Soviet Union. A Chinese writer argues that war between China and Japan is inevitable while a Japanese writer argues that Japan should strike first in the equally inevitable second Russo-Japanese war. Also there was the suggestion, from an organization in the United States that only a combination of America, Britain and Russia can curb the Japanese Army and if they do not move shortly war is certain to come, suddenly, on some front because the Japanese warlords are determined to continue policies which can have no other culmination than war.

CHESTER ROWELL'S COMMENT ON JAPAN'S PEIPING INVASION

CHESTER H. ROWELL best known editorial writer on the U. S. Pacific Coast, who has traveled in the Far East and has been active in the promotion of closer relations among countries bordering on the Pacific, contributed the following editorial comment on the Japanese occupation of Peiping in a recent issue of his paper, the *San Francisco Chronicle:*

Not "A DECENT RESPECT," but open contempt for the opinion of mankind is now the rule of nations. Following the entry of Italy into Addis Ababa, Japan marches, as expected, into Peiping. There is not even the formality of war and there will be no pretense of justification. Why should there be? Japan has done nothing but break five separate treaties and many reiterated promises and defy the known opinion of the world. Its title has no basis but lawless force and broken pledges. Why should anybody be ashamed of that, now?

The case of North China is, to be sure, much more flagrant than that of Manchuria. These provinces are indubitable parts of that China whose territorial integrity Japan is under engagement to respect, and Peiping is its historic capital, in which the legations of the powers, including that of Japan, are still located. It is a purely Chinese city, containing few foreigners and doing comparatively little foreign business, built and administered by Chinese and a center of Chinese culture, filled with magnificent examples of Chinese art and architecture. Whatever Manchuria may be, this is China.

To anyone who knows Peiping well, the spectacle of this foreign occupancy seems as incongruous as would a similar force in possession of the San Francisco City Hall and the Ferry building. Peiping is so completely Chinese! Here are Chinese scholars and poets and scientists, Chinese bankers and statesmen and magnates, the graves and the palaces of great Chinese rulers, universities of Chinese and Western learning, hospitals and medical schools, muscums of art and history, parks and plaisances, the residences of one's friends, ranging from vast luxury to modest comfort—all purely Chinese.

Here, too, are the innumerable narrow streets of small shops and handicrafts, the production and the selling of an immemoriably commercial city; the great concentric mediaeval walls of the three cities and the imposing many storied gate towers, with their endless streams of rickshaws and man-drawn carts, their donkeys and camels and the caravans from the Gobi; here the vast yellow roofs of the once Forbidden City and the blue tiles of the Temple of Heaven; the hordes of toiling laborers, the chaffering hucksters, the creaking water carts; the endless avenues lined with bare, blank walls, behind which are fair gardens and spacious many-courted pavilions; temples and brothels, schools and dens of thieves—all Chinese.

To this end Genghis Khan established his dominion and here Kublai Khan built the palaces and held the court which Marco Polo found the most magnificent of the world. Here in a later dynasty came the tribute bearers of all the East to the court of Chien Lung. From here, through

Korea, went out the learning which founded the civilization of Japan. Until the recent plague of gigantism hypertrophied the cities of Europe and America, here was the most populous city in the world. If any city is sufficient unto itself and able to attend to its own affairs, that city is Peiping. Seat of Mongol and Ming and Manchu emperors for seven hundred years, it has absorbed them all, and made them, too, Chinese.

Now Japanese bayonets guard its railway station and Japanese sabers rattle in its streets. With cool efficiency, the Japanese army takes over, not waiting even for orders from the home government, of which it is independent. It explains nothing and announces no purposes. It simply issues orders, not only that the Chinese must submit, but that they shall like it. They are not even to express disapproval. For only on terms of dependence, its commanders say, can there be peace in the Orient. "Peace" means unresisted and unprotested Japanese control. The Chinese have no rights in the matter, and Japan does not care what the rest of the world thinks, provided it does not act. The army carefully chooses its time when it knows the other nations are not in a position to act. So Japan marches on, and with it the rule of force, rather than of law, for the world.

Peiping will survive, and it will be still Chinese. If the Japanese stay, they will be Chinese, too, as the Mongols and the Manchus became. Perhaps even Japan will be Chinese—after a thousand years. And the Chinese are very patient. Because they can remember four thousand years, they can wait another thousand. Meantime, one can only die, and there will always be others to live on. So China thinks, and waits, and wins. But those who know Peiping as one of the world's supreme cities, a vast treasure house of teeming life, of interest and of beauty, all Chinese, find it impossible to picture it regimented by khaki clad Japanese troopers. The imagination just can not contain it. And, because it is unimaginable, perhaps it can never become real.

Meantime Japan is proud, China is patient, and the world as ashamed.

CHINA LOSES CONTROL OF COTTON INDUSTRY TO JAPAN

THERE is no industry which affects the people of China more intimately than the production and manufacture of cotton. Although silk is also an important product of China, only a small percentage of the population can afford to wear it—everybody—and this includes every man, woman and child of the four hundred and fifty millions is dependent upon cotton for clothing and protection against the elements. The business is so extensive as to stagger the imagination and once some occidental statesman or industrialist gained immortality by suggesting the lengthening of Chinese shirts (long gowns) by only one inch as a means of bringing prosperity to the world cotton industry.

There is no particular point in quoting statistics to show the importance of the cotton industry to the Chinese people because everybody from the lowliest peasant to the opulent compradore wears clothing of cotton and uses bedding made of that material in his home. But for those who desire statistics, the (Chinese) *China Year Book* for 1935-1936 says that "of all modern industries in China, cotton spinning and weaving is the most important. . .the total number of factory workers in the industry in Shanghai alone was 200,417 and the total capitalization was $156,-061,246 and the value the total output was $605,907,511." Thus the annual output of Shanghai cotton mills alone amounted to about $1.50 each for every man, woman and child in the entire country.

It therefore requires no further argument on our part to indicate that the cotton industry—production, manufacture and distribution—is a vital enterprise of the country. Obviously it should be controlled by the Chinese people in some manner, either privately by individual manufacturers, or collectively by the central or provincial governments.

Therefore the significance involved in the report circulated by the official *Cental News* on July 20 stating that the Japanese have finally succeeded in monopolizing the industry through the purchase of Chinese cotton mills in Tientsin, Tongshan, Shihchiachwang and other North China cities. The latest mills to succumb to Japanese military intimidation and economic pressure (smuggling) were the old established Peiyang and Hengyuan mills at Tientsin which were surrendered by the Chinese directors to Japanese interests on July 19. Another report from Tientsin (*Shun Pao*, July 18) stated that another important Chinese factory, the Pao Chen Mill, which had been sold at public auction by the court receiver had also been bought up by the Japanese, the price paid being $1,375,000. This report stated that of the six largest Chinese mills at Tientsin, only two still remained in Chinese hands.

Some 2,000 Chinese cotton-mill workers in the Hwa Hsin Cotton Mill, the sale of which to Japanese interests is also being negotiated, marched to the Bureau of Social Affairs at Tientsin and protested against the sale. The representatives of the workers declared that the mill was paying dividends but owing to Japanese intrigue there had developed serious complications among the directors, hence it had been decided to sell to the Japanese. The workers also demanded that the Chinese municipal authorities require the Japanese buyers not to discharge any Chinese employes for a period of from three to six months —a futile request—because the Japanese in all probability will close down most of the Chinese factories due to the fact that much of their machinery is out of date.

As a result of intensive investigation in the North the executives of the Kanegafuchi Cotton Spinning Company, third largest Osaka textile concern, capitalized at Yen 60,000,000, have decided to establish an entirely new base in China to be located on the Gulf of Liaotung between Chinwangtao and Shanhaikwan. This base was selected because of its nearness to the fuel supplies of the Anglo-Chinese Kailan Mining Administra-

tion which, according to a report in the *Sin Wan Pao* on July 7, has also succumbed to Japanese military pressure and has appointed a high Japanese official to its directorate as "adviser." The Toyo Spinning Company, another leading Osaka cotton concern, has also announced its intention of constructing a number of mills in the Tientsin-Tongshan district. It expects to have 50,000 spindles in operation by April of next year. This report (Asahi Shimbun, July 9) stated that the Kanegafuchi concern will also build a mill at Tientsin which will have 40,000 spindles in operation by August of next year. The company will also erect a large office building in the Japanese concession at Tientsin which will cost about $500,000. A further report in the Tientsin *Ta Kung Pao* said that the Japanese are also planning to construct in the Shiho district near Shanhaikwan, two large factories, one to be devoted to the production of artificial silk and the other to the manufacture of the new "staple fiber" or substitute for wool. The *Shun Pao* reported on July 18 that a number of large Japanese concerns such as Mitsui and Mitsubishi had decided to construct manufacturing enterprises in the Tientsin district.

Also there have been numerous reports regarding the expansion of the South Manchuria Railway into North China, its most important enterprise being the construction of a new railway connecting the Tientsin-Pukow and Peiping-Hankow lines to the south of Peiping and Tientsin, the object being to provide direct access to Shansi province from the seacoast. Practically all the capital and materials for the new line will be supplied by Japanese interests and after completion it will be operated by the S. M. R. A report in the Tokyo *Asahi* on July 15, referring to Japanese plans for industrial expansion into the Shanhaikwan-Chinwangtao-Tongshan-Tientsin district, expressed confidence in the fact that the National Government "will respond favorably to Japan's offer of Sino-Japanese cooperation in North China Wang Ko-min, Chairman of the Northern Economic Committee of the Hopei-Chahar regime, will complete all arrangements with the Japanese authorities in the North and will then return to Nanking for a conference with the Government authorities Nanking is fully aware that any attempt to block economic cooperation in the North will prove a serious barrier to the promotion of Sino-Japanese relations Nanking's sincerity will be proved by the powers it grants to Wang Ko-ming "

Japan's rapid advance toward complete control in the North—political, economic, administrative—is indicated in the reports of appointment of new Japanese officials as well as the rapid restoration to power of old Chinese officials, long discredited because of previous traitorous activities. On July 2, the Japanese Finance Minister, Dr. Eiichi Baba announced the appointment of Mimoru Inamori, former member of the Exchange Control Bureau of the Tokyo Finance Ministry as Japanese Finance Commissioner in North China. On July 21 the *Sin Wan Pao* reported that the Japanese Government had decided to send a high economic envoy to China to be stationed, presumably, in Nanking. On July 22 it was reported in Tientsin that the so-called Economic Investigation Bureau of the Japanese Garrison at Tientsin and the Economic Investigation department of the South Manchuria Railway had decided to go ahead and take definite action with respect to the economic development of North China without waiting for the completion of negotiations now proceeding between the Japanese Ambassador and the Chinese authorities at Nanking.

But of all the developments now taking place the most important is the passing of control of China's cotton industry to the Japanese industrialists who will now have the power to regulate an important phase of the "livelihood of the Chinese people," a phrase frequently used by the late Dr. Sun Yat-sen. During and immediately following the World War the Chinese industrialists and bankers, chiefly at Shanghai, made great strides toward the development of China's cotton spinning and weaving industry, the number of Chinese-controlled spindles and looms being practically double the number controlled by the Japanese. In 1919 out of a total of 1,468,000 spindles, 889,000 were Chinese owned. In 1922 the Chinese controlled 2,221,000 out of a total of 3,550,00. In 1928 Chinese interests controlled 2,182,000 out of a total of 3,850,000. In 1931, year of the Japanese seizure of the Manchurian provinces, which also included Japanese seizure of several Chinese-owned mills in Manchuria, Chinese interests controlled 2,730,000 spindles out of a total of 4,904,000 and the following year, 1932, high point of the industry, the Chinese industrialists controlled 2,910,000 out of the total of 5,189,000 spindles in operation in the country. The following year, 1933, the industry suffered a serious slump, the number of spindles in operation dropping from 5,189,000 to 3,171,600. The number controlled by Chinese interests dropped from 2,910,000 to 2,885,796 while the Japanese controlled spindles not only held their own despite the depression but actually made a small increase from 2,096,000 to 2,098,176. The dangerous drift so far as Chinese control of the industry was concerned, was discernable several years ago when the Chinese Cotton Mill Owners Association reported that while Chinese controlled spindles had increased three-fold in the expansion of the industry since 1919, Japanese expansion in the same period was six-fold. The situation was even more marked in the control of weaving machines. Between 1920 and 1933 the number of Chinese-controlled looms

had increased three-fold while the Japanese-controlled looms had increased twelve-fold. The report on the status of the industry (Chinese, China Year Book, Page 1116) contained the following statement: "If we take into account the much larger capitalization of the Japanese mills, their greater integration in the hands of a few firms, and superiority of their equipment, on the one hand, and the unsound financial conditions and out-of-date equipment of most Chinese mills on the other, there is much likelihood that the whole industry will sooner or later pass into the hands of the Japanese, unless Chinese industrial leader take steps to stop it."

Scanning the Chinese Political Horizon

WHAT THE CHINESE PEOPLE THINK ABOUT A SINO-JAPANESE WAR?

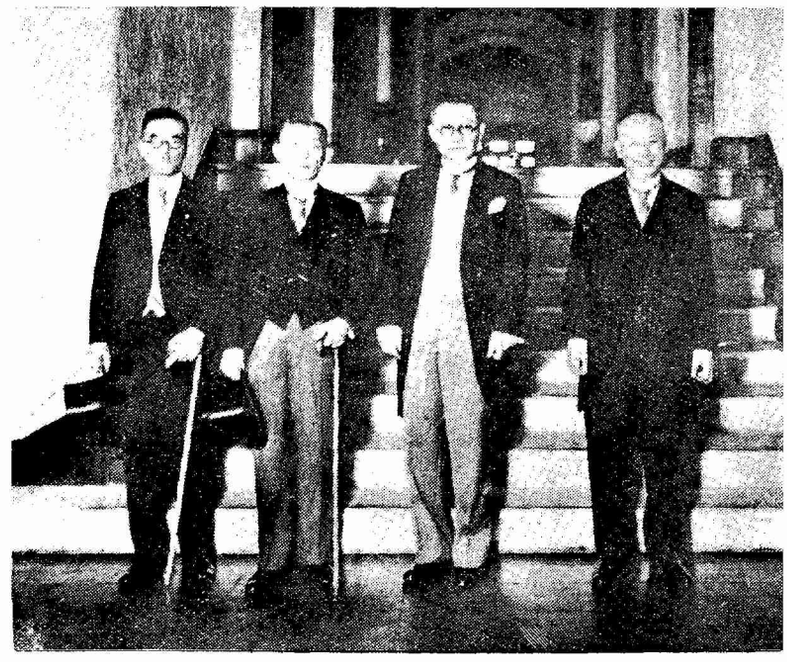
BY HUBERT S. LIANG*

DESPITE deceptive appearances and protestations of friendships on both sides China and Japan are preparing for war, a war which, should it break out, would have a far-reaching and ominous significance not only for the two countires concerned and the Far East, but the entire world.

Peace-loving by nature and steeped for centuries in the doctrine of pacifism the Chinese people have always hated and despised war. Is not the old Chinese saying: "Good iron does not make nails and good men do not become soldiers" an eloquent illustration of this fact? Time was when Chinese students had to be coaxed and literally forced to take military drill. But now this is all changed. Military training in undiluted form is being clamored for by students throughout the country. Anything touching war or war preparations is sure fire for evoking a wide and genuine popular enthusiasm. At this writing an anti-aircraft and anti-poison gas exhibition is being staged at the Shanghai Y.M.C.A., and thousands of people, old and young, men and woman, come in unceasing streams from morning till night to examine the huge bombs, the gas masks and the miniature air bombers that are being displayed. Even children as young as two or three years old want as their playthings tanks, air-planes and machine guns. Pistols, rifles and anti-air craft guns are for them the most prized toys. And the proudest dress they like to wear is not the traditional Chinese long gowns and jackets but military and naval uniforms.

A number of reasons may be advanced for this amazing change of Chinese psychology toward war but none, I believe, can be compared in potency and importance with the ever-increasing and insatiable Japanese aggression which began many years ago but which reached a new high in 1931 when Japan seized China's Three Eastern Provinces (commonly known as Manchuria) by military force.

Even as late as five years ago both the Chinese government and people entertained the fondest illusions about such peace machinery and arrangements as the League of Nations, the Nine-Power Treaty and the Kellogg Pact, but having their fingers sorely burned they now see that these props of reeds cannot be relied upon to save their country from an aggressive and rapacious neighbor and that the only thing that really counts in international relations these days is force, sheer military force. Right or wrong this is the conviction of the great majority of the Chinese population. And this conviction is ever deepening with the never-ceasing march of Japanese encroachments.

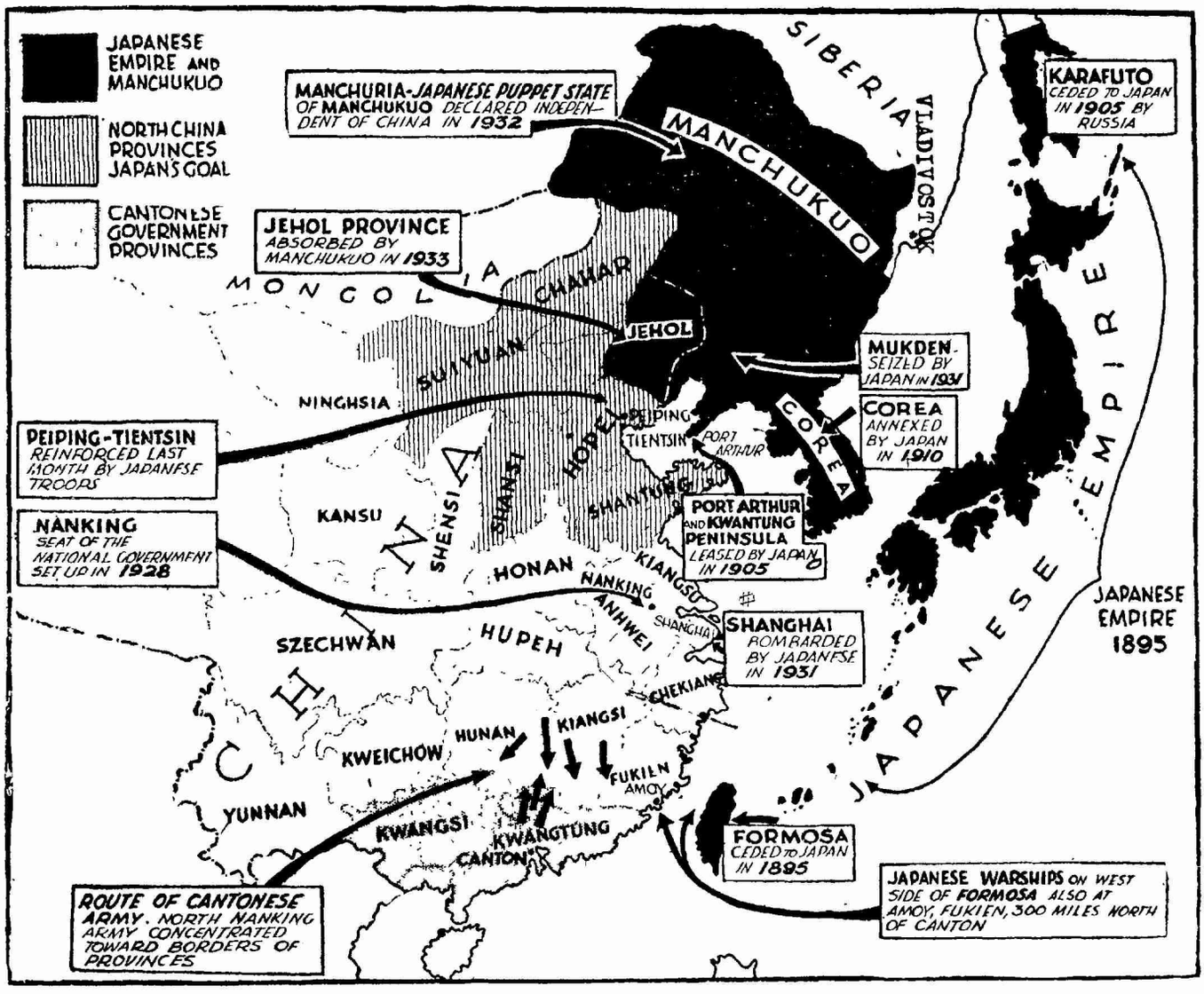


Still preserving the amenities—When Ambassador Shigeru Kawagoe made a formal call on Mayor Wu Teh-chen, following Kawagoe's presentation of credentials. Left to right, those in the picture are: Kanami Wakasugi, Counsellor of Japanese Ambassy; Ambassador Shigeru Kawagoe, Japanese Ambassador; Gen. Wu Teh-chen, Mayor of the Municipality and Wang Chang-chun, Counsellor of the City Government.

Let us review briefly the developments in Sino-Japanese relations within the last five years. In 1931 when China was caught in the throes of a most disastrous flood the Japanese army occupi-

*This is the second of a series of special articles on the Chinese political situation, domestic and foreign, by Professor Hubert Liang. The first of the series appeared in last week's issue of The Review.—Ed.

ed the Northeastern Provinces of China, Liaoning, Kirin and Heilungkiang. Dazzled by the easy gains scored by the Japanese army in Manchuria the Japanese navy, later joined by the Japanese army, tried to do the same thing in and around Shanghai but miscalculated and were rebuffed by the gallant 19th Route Army. The brilliant and heroic defense of the 19th Route Army and the Fifth Route Army which formed a glorious chapter in China's history taught the Chinese people two things: (1) The Japanese war machine was not as invincible as it was generally supposed to be. (2) The Chinese could fight and win, if given proper equipment. Not quite a year after the Shanghai war the Japanese army marched on Jehol resulting in their occupation of that province and in the so-called Tangku Truce, the signing of which almost spelled the overthrow of the national government. But somehow the government stood the shock and the people tolerated once more hoping against hope that by the Tangku Truce the Japanese invasion would stop at the Great Wall. But this hope was dashed to the ground in the summer of 1935 when Dohihara, arch-intriguer of the Japanese army, through cajolery, bribery, threats, intimidation and propaganda dealt a hard blow to the administrative integrity of Hopei and Chahar by setting up the East-Hopei bogus regime and by the forced demarkation of six hsien in Chahar as a special and independent district. More than that—pressure was brought to bear to form the now semi-independent Hopei-Chahar Political Council and to detach Inner-Mongolia from the control of the Central Government at Nanking. Still unsatisfied the Japanese are now working for the complete independence of the five northern provinces, Hopei Chahar, Shantung, Shansi and Suiyuan, and are exacting concession after concession from both the local authorities and the Central Government under the grandiloquent phrase of "Sino-Japanese Cooperation," which in the final analysis means complete Japanese dictation and domination. Smuggling is officially and systemactically encouraged not only in North China but along the entire coast inflicting the gravest kind of damage upon China's finance, industry and business. Japanese troops are freely increased



This map, reproduced from The Chicago Tribune for June 21, indicated more clearly than a column of description the precarious situation in China resulting from Japanese aggression in the North and the Canton-Kwangsi rebellion in the South.

in the North out of all proportions to the treaty limits and war preparations are feverishly being made in Peiping and Tientsin and vicinities.

But even more menacing than actual Japanese aggression in the North, is the so-called HIROTA THREE-POINT PROGRAM, which, if accepted would reduce China to the status of a protectorate of Japan. In order that there may be no misunderstanding, these three-points are:

1.—Sino-Japanese military cooperation against the communists, meaning a military alliance with the Japanese Army in control.
2.—China to abandon her traditional policy of "playing off one nation against another," meaning China should place herself unreservedly at the disposal of Japan in so far as her relations with the rest of the world were concerned.
3.—Settlement of all outstanding questions between China, Japan and "Manchukuo" and establishment of full co-operation in economic matters, implying, first China's official recognition of the puppet state, thus paving the way for recognition by the other Powers and permanent alienation of the territory, leading finally, to the creation of an "economic bloc," among the three, China, Japan and "Manchukuo" under the control of Japan and to Japan's sole advantage and aggrandisement.

The alternatives facing China then are—ABJECT SURRENDER OR WAR—to quote the exact words of Consul-General Suma in a Tokyo interview (later denied) but substantially correct nevertheless. The Chinese people by and large have chosen the latter course. In making this choice they cherish no illusions about an easy victory and they realize deeply and keenly the terrific suffering which a general war with Japan would entail. To their way of thinking, abject surrender to Japan means certain extinction of China as a national entity whereas war, with all of its onminous implications, holds out hope for survival. The war to be fought between China and Japan as now visualized by the Chinese people would not be a whirlwind campaign to be finished in three or six months but a long-drawn-out struggle to last three, five or ten years and to be fought out in the hinderland of China rather than in the port or coastal cities. To prosecute such a war would mean an enormous sacrifice of men and resources for China, to be sure, but it would also mean huge losses for Japan in men, money and trade. And it is wondered just how long could Japan hold out in a war of this kind with her domestic conditions, already deplorable, growing steadily worse. As it stands now Japan is getting all she wants from China without the loss of a single man or a single dollar!

Still another consideration for preferring war to abject surrender is that by resistance and by being prepared to fight a general war with Japan as indicated it may serve to call the Japanese bluff. It is the conviction of many that if the Central Government had stood its ground more boldly and firmly last summer than it did conditions in North China would not be in such a bad and sad plight as they are today. The easy gains of the Japanese army served as a strong temptation whetting its insatiable appetite for more and at the same time served as a mighty and convincing political pretext for keeping the war clique in the saddle in Japan. Liberal and responsible elements in Japan have time and again intimated that the best and most effective way for checking the onslaught of Japanese militarists in China is Chinese resistance. This was eloquently proved by the fighting in Shanghai in 1932.

The international aspect of the situation has also been taken into consideration by the Chinese people. So long as China does not resist herself it is neither possible nor right to look for help from the other countries. This does not mean that China should rely upon the other nations to fight her battles for her but it does mean that if China resists a new international situation would arise and in all probability to China's advantage. "God helps those who help themselves." Perhaps the same principle operates in international relations with equal, if not greater, exactitude. But even if no foreign assistance were forthcoming China is honor-bound to resist if she desires to retain her status of a free and independent nation in the eyes of the world. Self-respecting people do not merely want to live but to live with dignity and honor, and self-respecting nations, like individuals, cannot hope to retain that dignity and honor without fighting for themselves.

Last but not the least reason for the Chinese people to choose war as a way out is their belief that the one plank upon which the government can rally the nation's united support is determined resistance. Hitherto the Government's attitude has been and still is that internal unification must precede external resistance. But in view of what has happened in the past five years and what is happening today the feeling is growing among the Chinese people that perhaps the best and most efficacious way of bringing about internal solidarity and unity would be to offer the stiffest kind of resistance against the chief external enemy.

Such then is the attitude of the Chinese people toward a Sino-Japanese war. But what about the Chinese Government? Perhaps the best and most authoritative answer that can be given to this question is General Chiang Kai-shek's declaration made at the Fifth General Assembly of Kuomintang in Nanking last November. "Peace," he declared "will not be forsaken by China until there is no hope for peace and the idea of sacrifice will not be lightly embraced until China is driven to the last extremity where sacrifice is inevitable." In elucidating this statement he declared further at the close of the Second Plenary Session recently: "China will not bow

down to any nation seeking to destroy her territorial integrity. She will never sign any treaty detrimental to her territorial integrity. If and when any nation should force China to sign any paper for the recognition of 'Manchukuo' that will be the time for China to make the supreme sacrifice. If and when every available political means should fail to balk any aggressive designs on Chinese territory by a foreign nation, which aims at eliminating the existence of the Chinese nation, that shall be the time for China to make the supreme sacrifice." And as Dr. Hu Shih well puts it: "To them who have eyes to see, it is plain that the Chinese government is bending its efforts in the direction of war preparations."

Unless the Japanese militarists undergo a change of heart, which is of course exceedingly unlikely without their suffering a crushing defeat, war between China and Japan is inevitable. The only question now is: When Will It Come?

Nakayama Case to Be Reopened; No Clues in Kayau Murder

Judgment was not given in the Nakayama murder case July 17 in the First Special District Court, as had previously been intimated would be done. Instead it was announced that the case is being reopened. The first hearing in the reopened case is scheduled for July 31.

When he heard that the Nakayama case was being reopened C. R. Grove, counsel for the defence, expressed his opinion that both he and his colleague attorney were convinced of the innocence of their clients, but that nevertheless he could see no reason why judgment had not been given as scheduled. It was pointed out that if judgement had been rendered at that time, all contingencies could have been taken care of by appeal cases.

In the meantime there has been no real progress in securing any clues as to who murdered Kosaku Kayau, Shanghai sea-food broker, who was shot on the night of July 10, at close range by a gunman who stood in the shadow of the Japanese Garden wall along Chee Mee Road. Tung, the ricsha coolie who was picked up by the Chinese Police the day after the murder, and who, apart from the children with the murdered man, is believed to be the only actual witness of the shooting, stuck grimly to his original statement that he saw no-one standing near Kayau when the shot was fired, nor did he see anyone running. A Japanese young woman named Makamura, who heard the shot and saw Kayau, unconscious on the ground, was taken to the scene of the crime by the police, but although questioned and cross-questioned, her account never varied from the statements she had made previously which were that, looking along the lane, she saw Kayau stretched on the ground about 15 yards away and along the lane towards Dixwell road. She screamed for help and another girl and a party of men came to Kayau's assistance. The rischa coloie went back along the lane during the confusion, and she did not see him again until confronted with him by the Police.

Body Cremated Day After Murder

One of the features of the case which baffles the police is that the clothes which Kayau wore when he was shot also showed no signs of blood. Another angle of the crime which is occupying the attention of the detectives is the manner in which Kayau was wounded. Officers believe that if the Japanese was shot from more than 10 feet, it would take a sharpshooter to hit him right on the back of his head. Officers are inclined to doubt if this could be done, especially when Kayau was walking and the road was dark. As a matter of fact the detectives directly in charge of the case never saw the body of Kayau. They were merely informed that he was shot. Later they were shown an X-ray photograph, with a picture of a bullet wound that was supposed to have been taken after Kauyan died. The body of Kayau was cremated and buried the day following the murder. The picture above referred to now remains the only evidence of the cause of the victim's death.

Holding himself responsible for the failure to apprehend the murderer of Kosaku Kayau, assassinated off Dixwell Road on July 10, Liang Fu-chu, chief of the North Station branch of the Public Safety Bureau, tendered his resignation, July 17. Gen. Tsai Ching-chun, Director of the Public Safety Bureau of Greater Shanghai, has, however, declined to accept the resignation.

Assault upon a 21-year old Japanese girl by a Chinese youth on Range Road on the night of July 17 was reported by the local Nipponese papers. Injuries caused to the young lady's ear will necessitate medical attention for a week, the papers reported.

The Shanghai *Nichi Nichi* July 14 stated that while First Lieutenant Tsukamoto, in charge of navigation on the warship *Izumo*, was driving on the street at 10 o'clock in the previous morning, several Chinese, abusing Japan with anti-Japanese slogans, hurled stones at the Japanese officer's car. First Lieutenant Tsukamoto stopped his car immediately and gave a chase but the assailants fled somewhere.

Motives of Japanese "Tourists" Questioned by Nanking Journal

The motives of the majority of the numerous Japanese "tourists" who have been swarming to the inland regions of China estensibly on sightseeing trips were questioned by the Nanking *New Capital Daily* in an editorial July 20. Seriously doubting the real purpose behind the many Japanese travellers into the heart of the country during recent months, the journal alleged that a wide range of clandestine activities has been conducted by them wherever they set foot. Following the heels of the sightseers, the journal said, have come smuggled goods, narcotic drugs, military spies, economic investigators and secret operatives whose main mission was to instigate Chinese traitors to start subversive activities. The paper proceeded to accuse the "tourists" of having imparted various kinds of "training" to Chinese traitors, including espionage, wireless communication, the art of make-up and photography. While acknowledging that not a few of these Japanese tourists to the hinterland are genuinely bent on sightseeing and academic tours and that they have abided by passport regulations of the Waichiopu, the paper deplored that attitude hitherto adopted by the Japanese government regarding incidents arising fron underhard acts of some unscrupulour Japanese visitors. In no way, asserted the editorial, should such misunderstandings be construed as anti-Japanese. The Chinese people, the editorial added, do not harbor any grudge against Japanese individuals, and it is only when certain Japanese "tourists" fail to abide by passport regulations that difficulties arise.

W. W. Lockwood Writes Appreciation of Late Dr. Amos P. Wilder

W. W. Lockwood, of the National Committee of the Y.M.C.A., has written an appreciation of the late Dr. Amos P. Wilder in the Shanghai daily newspapers. Dr. Wilder, who was U.S. Consul-General in the Far East from 1906 to 1914 (three years in Hongkong, five in Shanghai) died in New Haven, Conn., July 2. Dr. Wilder was engaged in newspaper work both before and after his consular service. He was a versatile gentleman, friendly with all, a ready writer and an eloquent speaker. Dr. Wilder's appointment to Shanghai was an indication of the appreciation of the State Department of his service in Hongkong. In Shanghai he served with rare ability the American community, which was his particular responsibility. He not only gave close attention to commercial interests but also gave himself to those phases of American activity in China which might be termed cultural. He had a part in the organization in 1913 of the Shanghai American School. Dr. Wilder was the prime promoter of the Navy Y.M.C.A. of Shanghai. It was through his personal effort that a group of Americans was brought together to discuss the need for an institution which would care for the American bluejackets ashore. He was the founder in Shanghai of the "Saturday Club," the first Shanghai tiffin club. The Saturday Club was eventually merged into the Pan-Pacific Club. Following his retirement from China on account of ill-health in 1914, Dr. Wilder was the secretary of the Yale-in-China Movement which has for many years rendered such significant service in hospital and school at Changsha, Hunan.

"Far Eastern Survey" Says Nanking Government's Financial Structure is Menaced

The triple threat of foreign domination, economic disintegration and internal revolt is menacing the whole financial structure of the Nanking Government, charges the *Far Eastern Survey* of the American Council, Institute of Pacific Relations. Analyzing the financial position of the Nanking Government, Kate Mitchell, research associate, points out that "in view of the loss of revenues from North China and the threatened collapse of the entire customs service as a result of organized smuggling, it appears extremely doubtful whether even the payment on foreign loans secured by customs revenue can be met, unless effective measures can be devised for checking the extension of Japanese domination in North China. It is stated that the Chinese Customs Administration is facing a drastic decline in revenue for 1936 as a result of the situation in North China, which ordinarily alone provides more than 20% of the total customs revenue. Inasmuch as 70% of the net customs revenue in 1935 was needed for the service of foreign and domestic loans, the effect of this decline on the credit position of Nanking is serious.

"Japan Must Take the Offensive in the Second Russo-Japanese War"

BY TADAKO IKESAKI

(Behind the periodic tensions and relaxations in Soviet- Japanese relations over the Manchu-Mongolian problem is the undeniable fact that both sides have been actively preparing for war. For this reason many observers in different countries agree that a second Russo-Japanese war may be inevitable. Of this mind are a section of Japanese positivists who, suspecting an international, encirclement of Japan yet seeing no peaceful way to end her isolation, have been steadfastly advocating war—an offensive war—against the Soviet Union. Typical of such opinion is the following article by Tadako Ikesaki which appeared in the July issue of "Literary Annals." Originally entitled "A Hypothetical Picture of the Second Russo-Japanese War," the article contains some significant discussion of military strategy.—

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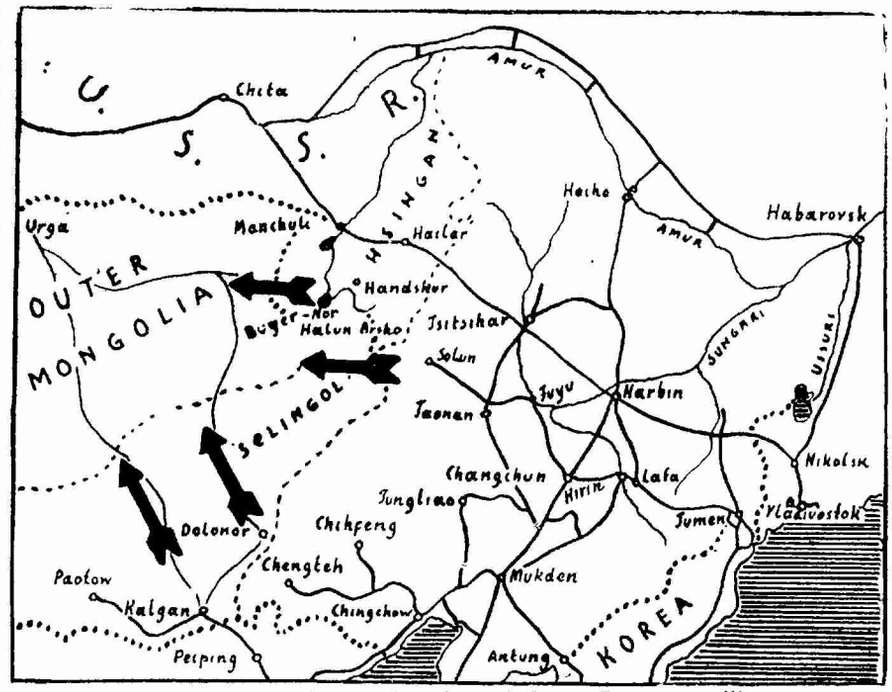


This map, based, on information derived from Japanese military sources in North Manchuria shows Japan's plan to invade Outer-Mongolia by four routes: (1) by way of Kalgan to the northeast of Peiping, which will involve the use of the North China railways; (2) By way of Dolonor on the border of Jehol and Chahar provinces, using as feeder the new railway connecting the Peiping-Mukden line with Chengteh, capital of Jehol; (3) By way of Hailar, capital of the Mongol section of western Manchukuo on the western branch of the Chinese Eastern (North Manchurian) railway; (4) By way of another new railway extending to the northeast from Changchun, capital of Manchukuo and extending through Solun and Harlun Arshan on the border of Outer-Mongolia.

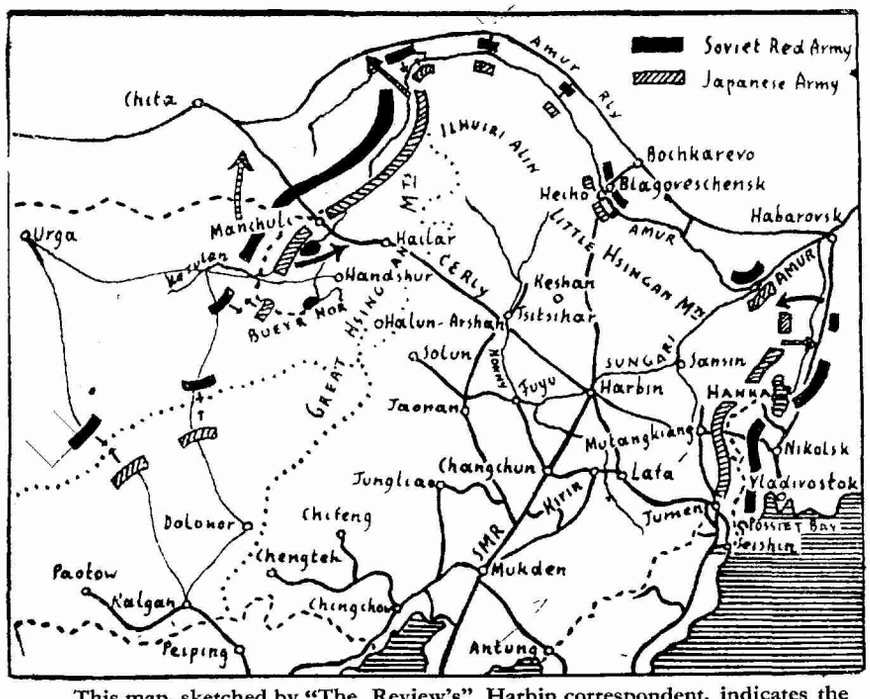
The Possibility of a Russo-Japanese War

Repeated tensions in Russo-Japanese relations in recent times led many people to believe that a second Russo-Japanese war may break out at almost, any time. In Europe and America it has been regarded as inevitable; some people even go so far as to predict the probable course of the conflict. In view of this a hypothetical picture depicting the strategic positions of the two contestants may not be entirely out of place.

The Bluffs of Soviet Leaders

Judging from present conditions, it is not too much to say that *Japan will encounter in the second Russo-Japanese war many new difficulties which she never met in the first.* One of these is evidently the unfavorable international situation towards her. Even excepting this indirect factor and confining our observation to factors having a direct bearing on war, the outcome may by no means be favorable should an armed conflict come to pass.

For the first Russo-Japanese war Japan was fully prepared, while Russia was not. But the present situation is just the opposite in that the Soviet Union is prepared, but Japan is not yet. And the side fully prepared has, needless to say, a distinct advantage over that unprepared.



This map, sketched by "The Review's" Harbin correspondent, indicates the relative positions of the Soviet and Japanese troops at the present time, the entire border from Vladivostok on the coast to the Mongolian plains being an armed camp.

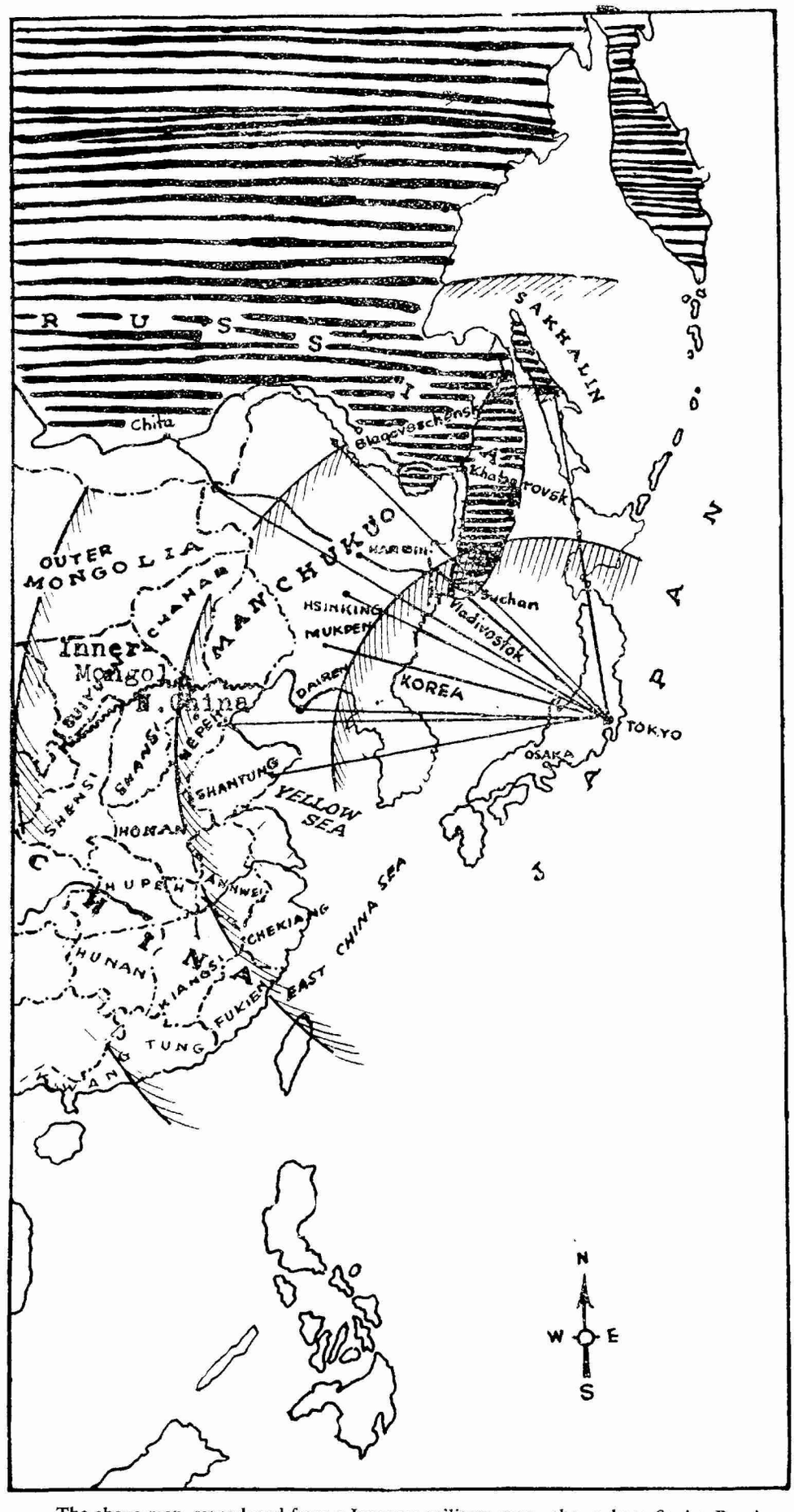
On the Far Eastern Siberian front not only is the Red Army itself ready for action, but such precautionary measures as the consolidation of the means of communication, which are an important factor in military operations, diplomatic maneuvers, etc., are completed. Therefore the outbreak of hostilities between the two sides at any time will not take the Soviets by surprise. It is especially important to note the strong fortification of their chief strategic points, the disposition of 300,000 men of their defence force, and the recent progress in their chemical warfare preparations. Since much has been reported on these topics, they require no further explanation here.

On the other hand, the boasts and bluffs of the Russians need not be taken too seriously. In the first Russo-Japanese War the Russians were utterly unprepared although they put up a bold front. So too was their overconfidence at the outset of the Great War, which did not progress far before all their undreamed-of weaknesses were fully exposed. For these reasons *too great an importance need not be attached to the recent provocative remarks of Soviet officials dilating on the military superiority of their country.*

A Soviet Offensive

What will be the probable course of events leading up to the outbreak of a Russo-Japanese war under the present conditions? Rather the most important question to ask is, Which country will take the first acts of war in case a second Russo-Japanese conflict flare up? It must be clear that a defensive war and an offensive war would produce very different results. Judging from the recent Soviet attitude, it cannot be conclusively said that Japan would start the conflagration. *If, then, the Soviets are to take the initiative to make an undeclared war, Japan would, under the existing circumstances, be placed in a rather awkward position.* A surprise attack by the Soviets, who have been secretly completing their armaments behind Japan's back, would rob Japan and "Manchukuo" of all of their strategic advantages. The result will be the exact reverse of that in the first Russo-Japanese War. Under this contingency *the Soviet forces will certainly attempt air raids on Japan proper and "Manchukuo" on a large scale.* As there are only 490, 431 and 605 nautical miles, respectively, from Vladivostok to Tsuruga, to Hakodate, and to Shimonoseki, it is possible for bombers with a cruising radius of over 600 marine leagues to carry out air raids on the important centers in Japan. But if use is made of the 7-ton super-heavy bombers with a non-stop cruising distance of 2,500 kilometers, on which the Soviets have so often prided themselves, *not only Japan proper but the Kuriles and the southwestern group of islands will be threatened.*

More exposed to air attacks than Japan is "Manchukuo" which is contiguous with Soviet territory. Sudden and undeclared air raids, no matter how optimistic an allowance



The above map, reproduced from a Japanese military map, shows how Soviet Russian territory interferes with the continental expansion of the Imperial Japanese Empire. An inspection of the sketch indicates why every Japanese military officer grows profane when he regards Soviet territory extending into the "very heart" of Nippon's continental empire, which has long since extended far beyond Vladivostok and the Soviet Maritime and Amur provinces. Recent reports that the Russians now have bombers based at Vladivostok which can reach Tokyo in three and one-half hours have made the Japanese still more determined to "wipe-out the Red spot on the map."

may be made, must play sufficient havoc even if the extent of damages, especially in the case of Japan, is uncertain.

Under such circumstances *air attacks on Japan and "Manchukuo" will be supplemented by fierce drives of Soviet armies toward the prepared main theatres of war.* For this purpose Soviet troops secretly massed and maneuvered will sweep into the "Manchukuo" territory like whirlwinds and rising tides. This formula of strategy, which has been supported by many versed with military science, is the best from the point of view of the Soviets. Once set on a determined drive into the enemy territory, *it is natural that the Soviet forces should advance simultaneously from a number of vantage points* to the embarrassment of the weak Japan-"Manchukuo" defence. The Soviets' goal in the first stage of the war would probably be Harbin toward which Soviet troops operating from different directions would converge most probably from east and west along the C. E. R., from the southwest along the Sungari River, from the southeast along two branch railway lines.

Should events take such a turn, the weak Japan-"Manchukuo" defence forces as they now are will meet heavy odds. But if, in addition to the incursion of the Soviets, the Outer Mongolian, the communist, and the Chinese national, armies should join in the attack from the west, the southwest and the south, respectively, then the Soviet plan of military encirclement of "Manchukuo" will be fully realized. Faced with danger at every turn, the position of the Japan-"Manchukuo" army with reference to the development of the war will be anything but tenable.

From this the conclusion is irresistible that if war with the Soviets must come, *it is imperative from the Japan-"Manchukuo" standpoint not to let the enemy take the offensive.* For the alternative would be to adopt the poor strategy of a defensive position in the first and most decisive stage of the war. It is a strategy which, even in the case of final victory, would entail great Japanese sacrifices.

A Japanese Offensive

If, contrary to the preceding assumption, it is

WHEN JAPAN DEFEATED BOTH CHINA AND RUSSIA—WILL HISTORY REPEAT?

Above, reproduction of a Japanese print in the Imperial War Museum in Tokyo, showing the Japanese troops of Gen. Oshima, capturing Ping-Yang, Korea, in the Sino-Japanese War, 1904.

Left, another reproduction of a photograph from the Imperial War Museum in Tokyo, showing Japan's defeat of Russia in the Russo-Japanese War of 1904-1905. The picture shows Japanese infantry entrenched at Teh-ling, Manchuria, awaiting an attack by Russian cavalry.

Japan which launches the offensive, the second Russo-Japanese war will take a radically different turn from that just described. This is because to wage war in a confidence of sure victory is as much different from doing it in fear of likely defeat as heaven is from earth.

In the case of this changed offensive, *it is the Japan-"Manchukuo" side which, soon after the outbreak of hostilities, will utilize its powerful air force to crush the enemy with masterly strokes.* It is probable that not only planes already stationed in important cities of "Manchukuo" but all air units awaiting orders in Japan (including the naval air fleet secretly concentrated at a certain point in the Japan Sea) will mobilize in full force to attack the strategic centers of the enemy with a view to its crushing defeat.

Since all the Soviet military centers east of Chita are within easy reach of "Manchukuo," air raids on them from "Manchukuo" will bring about startling results. Foreseeing this contingency, the Soviets have set up air bases at different places to avoid concentration. Still there is a large air base like the one called Ossoaviachim, only 6 kilometers to the north of Nicholaesk, on which sudden attack carried out to cripple the enemy's air arm may not be entirely fruitless.

Once on the offensive it should not be difficult for Japan-"Manchukuo" to destroy what an American Major-General called the dagger pointing at Japan's industrial centers—Vladivostok. *Threatened by sudden combined attacks of army planes coming south along the Suifenho and of naval planes flying up the Japan Sea, what resistance can Vladivostok put up? Furthermore, the Soviet line of communication from Chita to Vladivostok is entirely at the mercy of Japan-"Manchukuo" air force,* which can at any moment stretch out its arm of destruction, as it were, to cut the string of Soviet military centers in the Far Eastern Siberia into pieces like a mutilated snake.

Aware of this delicate position, the Soviets have paid their greatest attention to the safeguarding of this line of communication. In the middle of December, 1935, they completed the double tracking of that section of the Trans-Siberian Railway from Karim, a point west of Chita, to Khabarosk—a distance of 2,185 kilometers. At the same time they have strengthened some old branch lines like the Manchuli line, totalling 900 kilometers in length. They are also working on a plan to cast a second trunk line around the north banks of Lake Baikal. *For all their artificial remedies, the natural vulnerability of eastern Siberia remuns anything but a guarantee of absolute security.*

Once succeeding in cutting the Soviet line of communication, the Japan-"Manchukuo" armies will hold it with sufficient forces and then start invasion of the enemy territory. Southward of Pogranitchnaya is Nicholaesk and west of Manchuli is Daurias, these two points being only 50 kilometers from the border and accessible within one or two days' march. *There are thus at least two points susceptible to invasion, one on the west and one on the east.* If the Japan "Manchukuo" armies were determined to cross the Amur River into Soviet territory, then the Soviet defence forces in eastern Siberia would be very hard pressed.

At any rate the course of war is largely dependent on which side takes the offensive. What Japan fears most are sudden air attacks by Soviet planes. But if she can seize the advantage of an offensive, she would be prepared to repel such attacks and so need not be worried. To cross the 500 nautical miles of the Japan Sea, Soviet planes will have to conquer the powerful Japanese naval air force and to shatter the strong air defence in Japan proper. Granting that Soviet planes can get through all these obstacles to strike at Japan, their number and the extent of their mischief cannot be impressive anyhow. It is pure folly for Japan to take seriously the swaggering of such Soviet military leaders as Voroshilov and Bluecher and to fail to devise secret military strategy to her own advantage.

The Worst that Can Happen to Japan

The worst that can happen to Japan is that not only the Soviets but also the Outer Mongolians, the Communsist and Chinese national armies will oppose Japan on the battlefield. In case this should come to pass so that three-fourths of the "Manchukuo" borders may become the battle line, the Japan-"Manchukuo" armies hemmed in on all sides will have to fight a very hard battle. Under such circumstances they must follow the example set by the German army during the early part of the Great War utilizing the advantages of inner line operations. *This means that they will not regard all enemies as equal, but will concentrate on crushing the Soviet forces first, the while moving to hold the comparatively weak enemies on the southwest in check only when and if necessary.* This latter defensive position can be achieved with a few divisions of troops. *After routing the Russians, it will be an easy matter to have the victorious army veer around and dispose of the weak confederates.*

Another source of apprehensions to Japan are the Soviet submarines stationed at Vladivostok. One estimate put the strength of these under-water crafts at 50, another at 40 and a third at 30 (according to a statement by Hector Bywater appearing in the *Daily Telegraph* on March 16, 1936). Although the exact number is unknown, the presence at any rate of many crafts of this type would play great havoc with the ports of communication between Japan and the Continent of no precautions were taken to prevent unexpected disasters. Against the activities of daring submarines warships of even a million tons might prove of little or no avail. A retrospect of the first Russo-Japanese War will suggest special caution with reference to these crafts at Vladivostok. But if they were made in the Soviet Union itself, they need not be a cause for alarm, for the skill of Russian submarine pilots, as shown during the Great War, need not inspire any fear. Even granting Soviet submarines are immaterial in actual naval engagements, they are still capable of a lot of harm to ordinary ships and small war vessels.

Precautions the Japanese Army Should Take

Even if the encirclement campaign of anti-Japan-"Manchukuo" forces should materialize, there is still a chance for a successful war if Japan-"Manchukuo" forces observe the following:

(1) *The adoption of offensive tactics;*
(2) *The safeguarding of communications between Japan and the Continent; and*
(3) *The prevention of internal disturbancees in "Manchukuo."*

While the first and the second points have been sufficiently dealt with in the preceding paragraphs, the third being a very delicate matter cannot be adequately treated here. Its importance is not to be minimized. In any case the preparations for the second Russo-Japanese war under the present changed circumstances require much more caution for its successful outcome.

Change in Metbod of Salt Tax Collections Causes Riot on Tinghai Island

A dispute over a new system of collecting salt taxes last week led to severe rioting on Tinghai Island, off the Chekiang Coast, and resulted in more than 50 casualties, according to reports received at Hangchow. The strife began when 2,000 people engaged in the salt and fishing industries marched to the salt revenue offices to protest against the new tax system. In the ensuing clash with police a fisherman was shot and killed. The mob charged the officers, seizing some of their weapons and killing the captain of the revenue police. They then set fire to the revenue office building and killed two more government officials. Reinforcements were called to the aid of the greatly outnumbered police officers, the eventual toll of dead and wounded mounting to 50. Merchants on the island have declared a general strike in sympathy with the fishermen and salt manufacturers.

Gen. Chen Chi-tang Flees to Hongkong in British Warship; Kwangsi Leaders Also Ready to Submit

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Ex-Kwangtung Commander Said Going Abroad in August on "Mission."**
2. **Gen. Chiang Kai-shek May Visit Canton in Person If Necessary.**
3. **Wholesale Desertion of Canton Air Force to Central Government.**
4. **Vanguard of General Yu Han-mou's Forces Enters Canton City.**
5. **Kwangsi Leaders Decide to Submit to Nanking, Will End Revolt.**
7. **T. L. Soong and Other Nanking Appointees Arrive at Canton.**
8. **Japanese Navy Authorities Landed Bluejackets in Canton.**
9. **Tokyo Army Office Thinks Merger of Two North China Councils Premature.**
10. **Wang Keh-min Resigns, Shih Yu-san Made Member of Hopei-Chahar Council.**

General Chen Chi-tang, the deposed Kwangtung Army Commander, sailed for Hongkong in the evening of July 18 aboard the gunboat *Hai Hu*, and arrived at the Coloney the following morning. His last official act before leaving Canton was to proclaim martial law in the city and surrounding area. General Chen's flight followed wholesale defections from the armed forces of Kwangtung, of which he had been commander-in-chief until he was relieved of his post by the recent Nanking Plenary Conference. The Kwangtung warlord at first expressed his determination to resist General General Yu Han-mou, his Nanking-appointed successor, but his subordinates one by one cast their lot with the Central Government and he found his position untenable. General Chen has handed over his military affairs to General Li Yang-king, commander-in-chief of the 3rd Kwangtung Army, pending the arrival of General Yu Han-mou. The last hope of the Southwest of mobilizing sufficient forces to check the advance of the pro-Nanking troops was dashed to the ground when Generals Chiang Kwang-nai and Tsai Ting-kai, formerly commanders of the 19th Route Army, who had been invited to Canton "to participate in the anti-Japanese campaign," changed their minds and failed to appear July 18 as expected.

Reuter reported from Hongkong July 20 that General Chen Chi-tang fled to Hongkong from Canton on July 18 in a British gunboat, the *Moth*. Until the last moment he was prepared to embark on the Chinese gunboat *Hai Hu*, but reports that hostile elements aboard the vessel might seek to do him harm forced him to apply for assistance to the British authorities.

The departure of General Chen was hastened by General Yu Han-mou, who, in an ultimatum to his former chief, gave him 24 hours from noon July 18 to leave Canton. Upon receipt of General Yu's warning, an emergency military conference was convened by General Chen. General Chang Ta, Commander of the 2nd Kwangtung Army and close associate of General Chen, first expressed his inability to control his men and announced that if they are ordered to fight against General Yu's men, he cannot be responsible for the lives of the rank and file of the Kwangtung troops. Astounded by the announcement, both Generals Chen and Li Tsung-jen remained silent for a while. General Chen then decided there and then to retire on two conditions for the sake of peace, despite the opposition of General Li. The two conditions for peace were (1) the despatch of a responsible official by the Central authorities to Canton to administer the military affairs and (2) the bestowing of a title to General Chen for a mission abroad.

CHEN CHI-TANG GOING ABROAD IN AUGUST ON "MISSION"

Gen. Chen Chi-tang will sail on a trip abroad early August, according to *Central News*. According to a *Reuter* dispatch from Nanking July 18, General Chen Chi-tang has agreed to go abroad, but is requesting the Central Government's benediction for the trip, which he wants to make on an "official mission." He is also asking for some title conferring some measure of control in the affairs of Kwangtung.

Gen. Chen Chi-tang was described July 18 by the *Shanghai Nippo* as "an opportunist," while Gen. Li Tsung-jen, the Kwangsi leader, was characterized as "an idealist". Expressing its admiration for Gen. Li's persistence, the paper doubted if this would in the end benefit China's national interests. If the Kwangsi armies resist the Central Government, they will not be able to deal a fatal blow to the Central Government, but they would retard China's unification, the paper believed. "The future will decide," the paper concluded, "who was wiser,—the one who fled or the other who remained to fight it out".

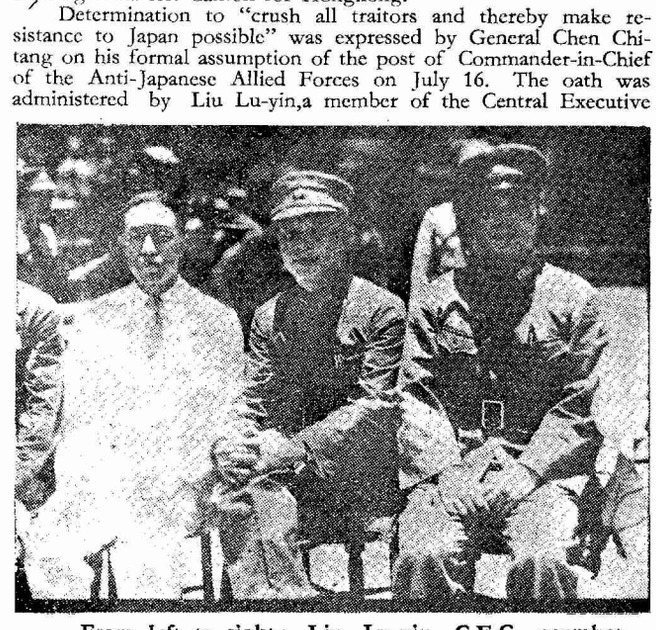
GEN. CHIANG WILL VISIT CANTON IN PERSON IF NECESSARY

Gen. Chiang Kai-shek, president of the Executive Yuan, will visit Kwangtung in person when necessary, according to a telegram the Generalissimo sent July 18 to Gen. Chen Chi-tang. Gen. Chiang's wire was a reply to an autographed letter of Gen. Chen Chi-tang which was presented to Gen. Chiang by Gen. Chen Han-kwang, commander of the 12th Division of the Kwangtung Army and personal delegate of Gen. Chen Chi-tang, who arrived at Nanking July 18 from Canton by air. In his sutographed letter to Gen. Chiang, Gen. Chen announced his determination to retire with a view to "avoiding civil war and meaningless sacrifices". Meanwhile Gen. Chen asked that a popular official be sent to Canton to handle the situation, because, according to him, the present appointtee in the person of Gen. Yu Han-mou did not command obedience of the various Kwangtung commanders. In reply, the Generalissimo expressed gratification over Gen. Chen's decision to relinquish his post, but insisted that Gen. Yu Han-mou, appointee of the Central Government, was the proper person to whom, Gen. Chen should hand over his military control in Kwangtung. "In obeying Gen. Yu Han-mou, the Kwangtung commanders are obeying the orders of the Central Government," declared Gen. Chiang who urged Gen. Chen Chi-tang to exhort his subordinates to take orders from Gen. Yu.

CHEN CHI-TANG COERCED TO ORGANIZE INDEPENDENT GOVERNMENT

While the Kwangtung military leaders were holding an important meeting in Canton July 17 more than 100 persons of a certain country (Japan) rushed to the conference room and compelled General Chen Chi-tang to organize an independent govenment in Canton, similar to that of the bogus East Hopei regime under Yin Ju-keng, according to *Eastern Times* July 18. Realizing the extremely serious situation in Canton, General Chen decided to resign and left Canton for Hongkong.

Determination to "crush all traitors and thereby make resistance to Japan possible" was expressed by General Chen Chi-tang on his formal assumption of the post of Commander-in-Chief of the Anti-Japanese Allied Forces on July 16. The oath was administered by Liu Lu-yin,a member of the Central Executive



From left to right: Liu Lu-yin, C.E.C. member, Gen. Chen Chi-tang, the ex-Kwangtung Commander, and Gen. Li Tsung-jen, the Kwangsi Commander. The picture was taken when Generals Chen and Li were sowrn in as Commander-in-Chief and Vice Commander-in-Chief of the Anti-Japanese Allied Forces on July 16 with Mr. Liu administering the oath of office.

Committee of the Kuomintang and director of publicity at the Central Kuomintang Headquarters. General Li Tsung-jen, the Kwangsi warlord, was also sworn in as Vice-Commander-in-Chief of the Anti-Japanese Allied Forces. Addressing the gathering, General Li said he would stand by General Chen Chi-tang through thick and thin.

An attempt on the life of Chen Wei-chou, Salt Commissioner for the Liang Kwang Area and concurrently Commander of the Garrison Forces of Kwangtung, was made at the gate of the build-

ing of the South-western Political Affairs Committee July 16. The report that he died as a result of the attempt was subsequently found not correct. Mr. Chen is a brother of Gen. Chen Chi-tang.

Simultaneous with the collapse of the South-west opposition to Nanking, the South-west Political Council and the South-West Executive Committee, the abolition of both of which was decided upon at the recent second plenary session of the Central Executive Committee in Nanking, have ceased functioning.

WHOLESALE DESERTION OF CANTON AIR FORCE TO NANKING

The entire Canton Air Force has gone over to the Central Government, according to an announcement by General Huang Kwan-jui, Commander of the Air Force, who arrived in Hongkong by air July 18. Four military airplanes arrived from Canton suddenly at Hongkong in the morning of July 18. They landed at Kaitack airdrome and were detained by the British authorities. A number of other airplanes from Canton arrived there during the night and left for destinations unknown.

General Huang told *Reuter* that the entire Canton Air Force departed that morning for Shaokwan, Northern Kwangtung, which is now in the hands of troops commanded by General Yu Han-mou.

Forty aeroplanes and 130 pilots and mechanics of the Canton Air Force, who deserted Gen. Chen Chi-tang and flew from Canton to Shaokwan July 18, have arrived at Nanchang where they have petitioned General Chiang Kai-shek to inspect them.

Without advance information, a large squadron of military planes of the Kwangtung Air Force landed at Hsiakwan July 18 from Canton to pledge their loyalty to the Central Government.

Details of the sudden and dramatic desertion of the Canton Air Force on July 18, disclose that two of the airmen were killed when one of the planes crashed in taking off from Canton, while two others were badly injured when another machine cracked-up in landing at Shaokwan.

Encouraged by the wholesale defection of the Kwangtung air force, part of the Kwangsi air force is contemplating to follow suit, according to *Central News*.

CHEN CHI-TANG INVITES 80 AIR PILOTS FROM JAPAN

As most of the air pilots of Kwangtung have left General Chen Chi-tang, the latter has invited more than 80 air pilots from Japan, reported *China Times* July 17. These aviators have arrived in Hongkong.

Two Nanking warships arrived in Hongkong July 20 while a third is also arriving stoon from Amoy. The two vessels are the *Tung Chi* and *Yat Sen*. They all will proceed to Canton. Vice-Admiral Chen Cha, formerly commander of the Canton Navy and ousted several years ago by General Chen Chi-tang, arrived in Hongkong on July 19 and will proceed to Canton concerning the reorganization of the Canton naval units into the river defense squadron under direct command of the Ministry of Navy. Vice-Admiral Chen is director of the naval affairs department of the Military Affairs Commission.

VANGUARD OF GEN. YU HAN-MOU'S TROOPS ARRIVES AT CANTON

The vanguard of the troops of General Yu Han-mou, who assumed his posts July 14 as Pacification Commissioner and Commander-in-Chief of Kwangtung at Tayu, Southern Kiangsi, arrived at Canton from Shaokwan, northern Kwangtung, in the morning of July 21.

Contrary to other reports, no Central Government troops have arrived in Canton, and it is reliably reported that they have been halted at Lokchang, on the Hunan-Kwangtung border. Only General Yu's men, consisting chiefly of units of the Kwangtung 1st Army, are expected to enter the city.

Gen. Yu Han-mou flew to Kuling July 20 to confer with Gen. Chiang Kai-shek on the taking over of Canton from former Kwangtung troops, according to a *Domei* report. During the interview, which lasted only 50 minutes, Gen. Chiang reportedly revealed his intention to visit Canton either on July 25 or 26. Gen. Yu returned to his headquarters in Shaokwan at 4 p.m. the same day.

General Yu Han-mou has appointed General Miao Pei-nan Garrison Commander of Canton, and has telegraphed him and Admiral Chang Chi-ying emphasising the necessity of keeping the provincial stocks of silver intact. He has instructed them to take all measures possible to prevent any illegal exodus of the white metal. Posters welcoming the arrival of Gen. Chiang Kai-shek, and Gen. Yu Han-mou are seen everywhere.

The advance units of the Central Government's 4th Route Army, commanded by Gen. Li Cheng-hui, entered Canton July 20 by the Canton-Hankow Railway, reported *Domei*. Immediately on reaching the city, the Central troops took over the maintenance of peace and order from the Kwangtung units, commanded by Generals Miao Pei-nan and Li Yang-ching. On instructions from Gen. Chiang Kai-shek, Gen. Chen Cheng, Commander-in-Chief of the Central troops, has moved his forces to Shaokwan, replacing the units commanded by Gen. Yu. Gen. Chen's troops, estimated at 70,000 strong, will be stationed along the Canton-Hankow Railway, between Canton and Shaokwan, to maintain order and to keep a watch on the Kwangtung troops.

An appeal to stop the southward advance of the Central troops, to prevent clashes with Kwangtung troops that might occur through "misunderstanding", was telegraphed July 20 to Gen. Chiang Kai-shek by ten leading Kwangtung generals. The telegram was drafted at an emergency meeting, attended by Generals Miao Pei-nan, Huang Jen-huan and Chang Ta.

The first mutiny by Kwangtung troops against the domination of the province by Central Government forces was reported to have occurred on July 19 near Sanshui, about 25 miles to the west of Canton, according to *Central News*. On the morning of July 19, the five regiments of the Emergency Corps originally commanded by Gen. Chen Wei-chow, brother of Gen. Chen Chi-tang, were ordered to proceed to the West River valley for garrison duties. While the boats on which they were sailing were nearing Sanshui, the 5th Regiment under the command of Ho Tsung-fan mutinied and ordered the boats to sail straight to Wuchow, Kwangsi, with the intention of joining the Kwangsi army. Two Kwangtung gunboats, *Chung Yuan* and *Chien Ju*, anchored at the river immediately took action to suppress the mutiny.

KWANGSI LEADERS SUBMIT TO CENTRAL GOVERNMENT, WILL END REVOLT

The Kwangsi leaders have decided to submit to the Central Government, as a result of the decision reached at a two-day conference of provincial leaders in Nanning on July 19 and 20, according to a *Domei* report. After the deliberations at the conference, Generals Li Tsung-jen and Pai-Chung-hsi decided to accept the decision of the second plenary session of the Central Executive Committee of the Kuomintang which confirmed them in their posts as Pacification Commissioner and Vice-Pacification Commissioner of Kwangsi respectively. Gen. Huang Hsu-chu, Chairman of Kwangsi, who took a leading part in the discussions, also consented to accept his reappointment to the post by the C.E.C. Immediately after the conference, Gen. Huang hopped off for Kuling to inform Gen. Chiang of the decision of the Kwangsi leaders. A joint circular telegram, setting forth the terms on which Kwnagsi would be willing to give up its campaign for national salvation and war on Japan, will be issued within the next few days, *Domei* reported. It is believed that the continued flights of scores of Central airplanes over Kwangsi have played an important part in the Kwangsi leaders' volte face.

KWANGTUNG TAKES PRECAUTIONS AGAINST A POSSIBLE KWANGSI INVASION

It is widely rumored in Canton that Gens. Li Tsung-jen and Pai Chung-hsi, who have consistently objected to Gen. Chen Chi-tang's retirement, are plotting to secure a sphere of influence in Kwangtung, taking advantage of the present transitional situation there. Displeased with the sudden conciliatory attitude of Gen. Chen Chi-tang towards Nanking, the Kwangsi warlords are planning an expedition into Kwangtung while maintaining a defensive attitude toward Hunan and Kweichow. Reliable reports say that Gen. Li Tsung-jen who was reported to have returned to Nanning, the Kwangsi capital, is now still at Liuhokou, near Sanshui, about 25 miles west of Canton, keeping a close watch over developments in Kwangtung. Kwangtung armies, however, are taking no chances, and all precautionary measures are being taken to guard against possible attacks by Kwangsi troops.

To resist a possible Kwangsi invasion following the elimination of General Chen Chi-tang, the whole First Division of the Third Army, under the command of General Huang Yin-huan, suddenly arrived in Canton July 18 from their station on the Kwangtung-Fukien border and were transferred hurriedly to the Canton-Hankow Railway. The troops are destined for the West River region, where they will keep a watchful eye on the movements of the main Kwangsi army.

"Obstacles in the way of his anti-Japanese campaign and his desire to preserve peace and order in Kwangtung," were given as the reasons for General Chen's retirement in a proclamation issued by Ho Lok, Public Safety Commissioner of Canton. He would continue to maintain peace in Canton, Mr. Ho added, pending the arrival of General Yu Han-mou.

At their meeting in Canton July 18, Generals Chen Chi-tang and Li Tsung-jen had a quarrel over the Southwest situation, especially regarding the withdrawal of the Kwangsi troops from Kwangtung. The dispute was finally settled, when General Chen Chi-tang ordered the payment of more than $600,000 to General Li Tsung-jen.

LIN AND LIU RETURN TO CANTON TO RESUME DUTIES

Lin Yun-kai, the Civil Governor of Kwangtung, and Liu Chi-wen, the Mayor of Canton, who fled to Hongkong July 17, returned to Canton July 20 to resume their duties. Conditions in Canton at the present time have returned to normal. Mr. Lin declared that he had held the civil governorship for several years and now desired to rest, but under the circumstances, he felt duty bound to continue in his post in order to insure that administrative affairs in Kwangtung would proceed without interruption.

Liu Chi-wen, the Mayor of Canton, left for Nanking July 21 in the liner *Victoria*. He will represent Kwangtung at the discussions to be held in the capital concerning the reorganisation of affairs in Kwangtung.

T. L. SOONG AND OTHER NANKING APPOINTEES ARRIVE AT CANTON

Sweeping changes in the financial currency structure of Kwangtung were foreshadowed July 20 with the announcement by Dr. H. H. Kung, Minister of Finance, of three important appointments to high financial posts in Kwangtung. The three appointments are: T. L. Soong, Managerg Director of the Manufacturer's Bank of China and General Manager of the China Development Finance Corporation, as Special Finance Commissioner for Kwangtung; H. O. Tong, Customs Superintendent in Shanghai, as Salt Commissioner for Kwangtung and Kwangsi; and Wu Chien-tao, Provincial Finance Director of Kiangsi, as Director of the Consolidated Tax Bureau for Kwangtung and Kwangsi. The Executive Yuan at its meeting July 21 appointed T. L. Soong as Acting Finance Commissioner of Kwangtung.

Entrusted with the important mission of supervising over financial and monetary readjustments in Kwangtung, T. L. Soong, left for Canton July 22 by airplane, accompanied by Tsou Lin, Vice-Minister of Finance, who has been commissioned by the Central Government to acquaint the Kwangtung populace with the plans of the Central financial authorities regarding financial and monetary reforms in that province. They arrival at Canton in the afternoon of the same day. Another party of three, namely, Tang Shou-ming and Tsuyee Pei, who have been commissioned by the Nanking Government to confer with the Canton finnacial authorities regarding the proposed currency reforms, and T. S. Li, assistant General Manager of the Treasury Department of the Central Bank, left July 21 aboard the s.s. *Potsdam*.

HUGE FORTUNE OF GENERAL CHEN SAID SAFE IN FOREIGN BANKS

The 14th Kwangtung Division, stationed at Tayu, southern Kiangsi, has issued a circular telegram to the public denouncing General Chen Chi-tang and declaring their allegiance to the Central authorities. The message charges General Chen with having assisted the Communist bandits in Kiangsi in the past and relying on the support of the Japanese in the present crisis. Pointing out that the paper notes issued in Kwangtung amount to more than $250,000,000, the telegram alleges that General Chen has now shipped the silver reserves in Kwangtung to Japan. The personal funds of General Chen, amounting to $110,000,000 are deposited in certain foreign banks, while his brother, Chen Wei-chou, and Mrs. Chen Chi-tang, have also accumulated $50,000,000 each. Where did they get all this money? the message asks. While they have been enriching themselves, the telegram adds, General Chen has not paid the wages of the troops for several months.

An enormous amount of money is learned to have been remitted to Hongkong by political leaders in Canton to be deposited in the Hongkong and Shanghai Banking Corporation and other foreign banks. A total of $20 million has been remitted to these banks up to date, according to *Central News* July 18.

SOUTH-WEST SUPREME COURT ABOLISHED

The Judicial Yuan, at a meeting held July 21, decided to abolish the South-west Supreme Court and appointed Yeh Hsia-sen Acting President of the Kwangtung Higher Court.

JAPANESE BLUEJACKETS LANDED IN CANTON

Japanese bluejackets were landed at Canton in the night of July 18 from the gun-boat *Saga* to assist the Japanese Consular Police in protecting the lives and property of local Nipponese residents, reported *Domei* July 19.

JAPAN ARMY THINKS NORTH CHINA MERGER PREMATURE

Although favoring the amalgamation of the Hopei-Chahar Political Council and the East Hopei Autonomous Anti-Communit Government in principle, the Japanese Army considers such a merger premature at this time, a high official of the War Ministry told *Domei* July 21.

Questioned by press representatives regarding the report carried by the *Yomiuri Shimbun* that Hachiro Arita, Foreign Minister, would use his good offices in amalgamating the Hopei-Chahar Political Council and the East Hopei Autonomous Anti-Communist Government, a spokesman of the Gaimusho declared July 20 that had "never heard of it".

SUNG SAID ASKING FOR JAPANESE MILITARY ADVISERS

Japanese military authorities in North China have been approached by Gen. Sung Cheh-yuan, Chairman of the Hopei and Chahar Political Council, with a request to authorize Lieut.-Col. Nakajima and Major Sakurai to serve with the Council in the capacity of military advisers, according to *Domei*.

Officials of the Manchukuo Directorate-General of Railways and the Peiping-Mukden Railway Administration will meet in Peitaiho on July 28 to discuss an expansion of the through railway service between the two countries, reported *Domei*.

According to a *Reuter* report, the Hopei and Chahar Political Council is shortly being reorganised, the standing committee, abolished some months ago, is being revived with Wang Keh-min as vice-chairman and General Sung Cheh-yuan, head of the Council, as ex-officio chairman, while Liu Cheh, Tang Erh-ho and Tsao Ju-lin will be members. Mr. Tang was at one time Minister of Education and later of Finance in the Peking Government, Mr. Tsao—a former Minister of Communications in the Peking Government, is at present high adviser of the Foreign Affairs Commission of the Hopei and Chahar Political Council. Mr. Liu is former subordinate of Chang Tso-lin. The appointments of Messrs. Tang, Tsao and Lin were confirmed by the Executive Yuan at its meeting July 21.

WANG KEH-MIN TENDERS RESIGNATION TO GEN. SUNG

Wang Keh-min tendered July 18 to Gen. Sung Cheh-yuan, Chairman of the Hopei-Chahar Political Council, his resignation from the chairmanship of the Council's Economic Affairs Commission, to which post he was recently appointed, according to *Domei*. Gen. Sung has asked Mr. Wang to reconsider his step. Mr. Wang arrived at Shanghai July 17 from Nanking.

DOIHARA REPORTED COMING TO NORTH CHINA AGAIN

Gen. K. Doihara, the Japanese "Lawrence of Manchuria," will come to Tientsin at the end of July to call on Lieut.-General Tashiro, Commander of Japanese Garrison in Tientsin and Major-General Matsumuro, Director of the Japanese Special Service Department in Peiping, according to a *Shun Pao* report. In Peiping, General Doihara will call on General Sung Cheh-yuan, Chairman of the Hopei and Chahar Political Council, and otter high Chinese officials. It is further reported that General Doihara may stay in Tientsin and Peiping to assist the Japanese Garrison in Tientsin and the Japanese Kwantung Army in Manchuria to solve the numerous North China problems.

According to a *Hwalien* report the Japanese Government has decided to organize Japanese Special Service Departments in Kiukiang, Nanchang, Hankow, Shasi, Chungking, and others ports along the Yangtze valley in the middle of August.

Y. Suma, Japanese Consul-General in Nanking, called on Chen Chieh, Vice-minister of Foreign Affairs, July 20 and was closeted with him for over an hour. The nature of their interview, however, has not been divulged.

GEN. SHIH YU-SAN MADE MEMBER OF HOPEI-CHAHAR POLITICAL COUNCIL

General Shih Yu-san, who until very recently was proscribed by the Government for his subversive activities in the Luantung demilitarised zone in 1933, arrived at Peiping by train from Tientsin July 19. He was received like a "conquering hero," being welcomed at the station by a large gathering including officials, police and a band which played popular music. General Shih called that afternoon on General Sung Chen-yuan, chairman of the Hopei and Chahar Political Council, to thank him for his appointment as a member of the Council. Owing to a slight indisposition, Gen. Shih Yu-san did not assume his new post July 21 as scheduled.

Gen. Shih Yu-san, at one time proscribed by Nanking, now high official in Peiping,

Yang Shao-keng, the newly appointed director of the Department of Political Affairs of the Hopei and Chahar Political Council, assumed office July 16.

The Japanese Garrison in North China will be reorganized to strengthen the internal organization of the garrison. The reorganization will be completed before August 1.

Under the escort of 80 Japanese soldiers, two coaches fully loaded with arms and ammunition left Peiping for Tungchow July 20. The arms and ammunition were taken there two days ago from Tientsin.

LIN AND CHIANG LEAVE FOR KULING TO SPEND SUMMER

Lin Sen, chairman of the National Government, left for Kiukiang July 20 aboard the gunboat *Chun Shan* en route to Kuling, where he will spend his summer holiday.

Gen. Chiang Kai-shek, president of the Executive Yuan, left Nanking at 3.30 p.m. July 18 by air for Nanchang enroute to Kuling to spend his summer there.

WANG CHING-WEI WILL RETURN TO CHINA IN SEPTEMBER

A telegram received by the Foreign Office from the Chinese Legation in Prague July 21 stated that Wang Ching-wei, former President of the Executive Yuan, expects to return to China late in September. It is stated that his condition is improving rapidly.

$1,646,140 FOR NATIONAL PEOPLES' CONGRESS

Decision to appropriate the sum of $1,646,140 as expenses for the National Peoples' Congress was reached at a meeting held July 21 by the Executive Yuan.

Tokyo Journal Sees Japan Harmed by Smuggling in North China

Thorough discussions by high officials of the Tokyo Foreign office were held July 19 of a report by Mr. Kuwashima, chief of the East Asiatic Affairs Bureau of the Gaimusho, who had recently returned to the Japanese capital from an inspection tour to Manchuria and North China, according to a report in the *Yomiuri*, one of the leading Japanese dailies. The conclusion was reached, according to the journal, that the Japanese attitude of indifference toward smuggling in North China was bound to have the most harmful consequences on the entire diplomatic relations between China and Japan. On the other hand, it would hold Japan's foreign policy in a bad light, which, according to the journal, already has been a target of international criticisms since the outbreak of the Manchurian incident. Moreover, the journal quoted the Gaimusho as having concluded that while smuggling has profited professional smugglers and Korean carriers, it has caused considerable damage to legitimate Japanese merchants.

This fact was seen, the journal said, in the fact that the prices of Japanese products on the Chinese market have speedily dropped and the apprehension was entertained that it might further decrease Chinese imports of Japanese goods.

As a result of the discussions by the Gaimusho officials, the journal stated, two remedial measures were suggested, namely, (1) China should lower her tariffs, and (2) The Central Government should appropriate a portion of the Customs revenue in North China to the local government and also to seek the latter's cooperation in checking the smuggling.

Pointing out that smuggling in North China benefits only the Chinese and a few Korean contrabandists, at a heavy sacrifice to Japanese merchants engaged in legitimate trade with China, diplomatic observers in Tokyo are emphasizing the need for a speedy settlement of the question.

Tokyo "Asahi" Urges Negotiations on Concrete Questions

In a leading article July 17 the Tokyo *Asahi* strongly urged the opening of Sino-Japanese negotiations along concrete lines in order to break the diplomatic deadlock which has been existing between the two countries for too long a time. The time has now come, the *Asahi* stated, for the two Governments to start discussions on concrete problems which are capable of materialization. Such questions as the economic exploitation of North China, the promotion of trade, and the reduction of tariff rates urgently await solution, and, given the fact that a spirit of sincerity exists between the two countries, they should not be impossible of settlement. The successful thrashing out of even one of these many questions, the journal averred, would cast a distinct ray of hope on the gloomy atmosphere which is now permeating Sino-Japanese relations.

Anti-Smuggling Committee Organized at Changsha

Under the sponsorship of the Changsha Chamber of Commerce, an anti-smuggling committee was organized in Changsha, July 18, by local merchants. More than 600 Party, Government and military officials and representatives of public organizations attended the inauguration ceremony when the officers of the Committee were sworn into office. They took oath to suppress the illicit trade in accordance with the policy of the Central Authorities.

A junk loaded with smuggled goods was detained by the Customs authorities at Wuhu, July 20. Chu Wen-li, owner of the cargo, was arrested.

Sea Products and Hardware Are Now Major Smuggled Goods

Tientsin advices state that instead of artificial silk and sugar, sea products and hardware are the most important goods now smuggled into China by the Japanese and Koreans. In Tientsin, large quantities of artificial silk and sugar are stored which cannot find a market. Smuggled gasoline is finding its way into Shanghai.

Lord Morley Criticizes British Firms in Shanghai

The attitude of representatives of British firms in Shanghai was criticised by Lord Marley, Chief Opposition Whip, during a debate in the House of Lords July 20 on the smuggling situation in North China. They could not, he declared, put all the blame on the Japanese for illegal and unfair competition causing a decline in British trade in China. Some blame must be put on the shoulders of those representing British firms in Shanghai. The difficulty, Lord Marley suggested, might be solved through the League of Nations. In Shanghai, he said, it was a normal thing to expect the Japanese to seize control of the Municipal Council. There was readiness among the British to accept that.

Japanese Examine Korean Revolutionary

A Korean revolutionary, who is said to have taken an active part in the separatist movement in Chosen, was examined by officials of the Korean Affairs Section of the Japanese Consulate-General in Shanghai June 20, the local Nipponese papers reported. The man, whose name was given an Li by the *Nippo* and as *Kin* by the *Mainichi*, came here from Nanking, where he was graduated from the Military Academy.

Japan Tightens Up Regulations Against Foreign Spies

A *United Press* telegram from Tokyo July 20 stated that the Japanese authorities had started the seemingly contradictory and delicate task of increasing vigilance against foreign spies while at the same time giving greater liberties to foreign visitors. An idea among certain sections of the police that all foreigners are spies must be abandoned, according to the views of Shizo Miyano, director of the peace preservation section of the Home Ministry. It is constantly necessary, authorities hold however, to be on watch against international espionage agents who are said to have increased their activities since the February 26 revolt. The unsettled period of the trials of the insurgents, seventeen of whom were executed was particularly trying to those entrusted with detecting all secret activities considered hostile to the government. It is believed in Tokyo that the strict surveillance to which foreigners have been subjected in the past has injured the tourist business and caused many foreigners to stay away from Japan. The newspaper *Miyako* declares that Mr. Miyano will tell directors of the foreign affairs of the prefectural police later this summer that foreigners should be shown more courtesies, should be afforded adequate protection and should be given every opportunity to see the country. The rule will not hold true, however, for foreigners against whom the Japanese have raised strict taboos. In order to deal more effectively with genuine espionage efforts in Japan, the authorities have built up the foreign affairs police service. Ten to twenty men were added to each of the sections at Tokyo, Yokohama, Kobe and Nagasaki, and increased personnel was assigned also to Kyoto, Osaka, Nagoya and in the Hokkaido.

Disclosures of U. S. Naval Secrets May Necessitate Change in Battle Tactics

Alleged disclosures of American naval secrets to Japanese naval agents by John S. Farnsworth, former lieutenant-commander in the Navy now is under arrest, may possibly necessitate sweeping changes in the Navy's battle and maneuver tactics, it was indicated by Admiral William H. Stanley, Chief of Naval Operations and Acting Secretary of the Navy, in Washington July 15. The book which Farnsworth is alleged to have sold, Admiral Standley explained, was practically a textbook of battle tactics for commanders of warships. The book was originally published in 1916, the Admiral said, and limited in circulation to officers who were required to sign receipts for their copies, but high naval authorities frequently revised the volume following the annual fleet maneuvres. The revisions included the latest lessons in tactics and battle maneuvers learned in the war games.

Joint Conference of Chambers of Commerce Held in Shanghai

With the object of discussing current commercial problems of national significance, a joint conference of Chambers of Commerce of 19 provinces and municipalities opened in Shanghai July 20 in the auditorium of the City Chamber of Commerce. Presiding over the opening ceremony and delievering the inaugural address, Wang Hsiao-lai, Chairman of the Shanghai Chamber of Commerce, expressed gratification over the spirit of cooperation as indicated the by prompt response of the various commercial organs to the invitation to attend the present confab. Referring to the purpose of the conference Mr. Wang stated that the joint meeting was convened with the object of exchanging views among business leaders in various parts of this country regarding current commercial problems. The most urgent task facing the present parley, he said, is the tariff question, which has a close bearing upon China's trade. The meeting will also be devoted to the discussion of practical measures for the improvement of Chinese commerce and the strengthening of Chinese commercial organizations.

A number of important resolutions concerning the suppression of smuggling, postponement of the enforcement of the income tax and imprsvement of commercial organization were adopted.

Abundant Harvest of Cotton Predicted in Hopei

The National Economic Council predicts an abundant harvest of cotton in Hopei in the coming fall if the weather continues to be favorable. Improved cotton seeds, according to the Council, have now been used extensively by the Hopei farmers. Recent investigations, for instance, revealed that already 15,628 piculs of American cotton seeds have recently been distributed among 30,278 peasants in 49 districts of the province.

Under the joint auspices of the National Economic Council, the Agricultural Products Improvement Association for North China and the Tientsin Bureau for the Examination and Testing of Commercial Commodities, a Hopei Cotton Improvement Association has been established to direct cotton improvement work in the whole province.

Experts select Quaker Oats *for* DIONNE QUINTUPLETS

With the world of food science to guide them — with unlimited funds at their disposal — experts in charge of these bouncing little wards of His Majesty The King selected Quaker Oats even before their first birthday. Its Vitamin B for keeping fit does children such a world of good. Doctors say this Vitamin combats nervousness, loss of appetite and constipation.

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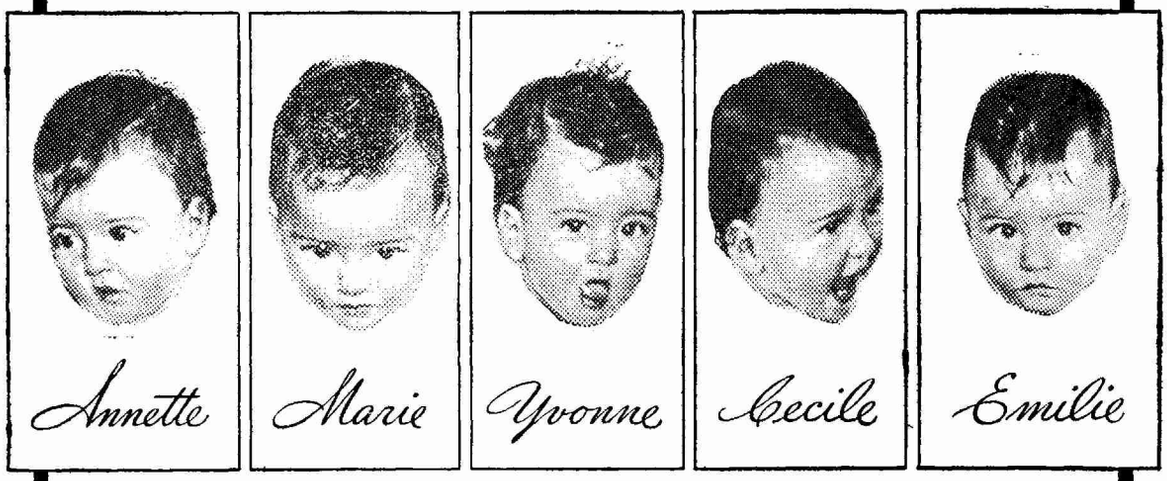

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M-28

Better Times for United States—Year 1936 Expected to Be Best Since 1930

The year 1936 will be "the best business year since 1930 and possibly since 1929," it was predicted July 14 by Col. L. P. Ayres, vice-president and statistician of the Cleveland Trust Company, in his monthly survey of American economic conditions.

Chase National Bank to Retire Preferred Stock August 1

Retirement of the entire outstanding issue of $50,000,000 of preferred stock of the Chase National Bank was authorized by the board of directors of the bank, it was announced last week by Winthrop W. Aldrich, Chairman of the Board. The preferred stock has been called for payment at par and accrued dividends to Aug. 1.

U. S. Imports of Silver Show Heavy Decline

Silver to the total value of $1,267,000 was imported by the United States during the week ended July 10, showing a large drop compared with $10,823,000 during the previous week. There was no import from China.

The Advisory Council of the U. S. Department of Commerce July 17 deferred action on the report of its monetary committee, recommending the establishment of a currency convertible into gold, with the gold content of the dollar subject to change if the situation warrants.

Manchurian Railway Official Arrested in Shanghai on Return from London

Acting on a warrant issued by the Japanese authorities in Manchuria, a Japanese named Ichiro Shima, Chief of the Antung-hsien office of the South Manchuria Railway, was taken from the Japanese steamer *Fushi Maru* when it arrived in Shanghai from London July 7. He had been in London on business and was returning to Japan. He is alleged to have sent a message of encouragement to the mutinous troops, which on June 26 assassinated three of the highest Japanese statesmen. *Domei* intimated that Shima would be later taken to Changchun to undergo examination by the officials of the Kwantung Army and the Japanese Embassy in Manchukuo.

Japan's Increasing Investments in China

BY CHIANG CHUAN-CHEN

Member of the Board of Editors of the "Central China Daily News"

IN the matter of investments in China, Britain has for very many years been in a favorable position, and after the Great War both America and Japan increased their investments in China, especially the latter who in carrying out their continental policy, have made China their main field for investment.

Between 1914 and 1931 there was a rapid rise in the investment of Japanese and American capital in China, and it is surprising to note that Japanese investments are now equal to, if not larger than the Britain total, and is, still on the increase. The following table shows the variation of investments by America, Britain and Japan between 1914 and 1931 :—

	Amount (in million U.S. $.)		Percentage.	
	1914	1931	1914	1931
Britain	607.5	1,189.2	37.7	36.7
Japan	219.6	1,136.9	13.6	35.1
America	49.3	196.8	3.1	6.1

This increase of Japanese investments while revealing the intensification of Japanese aggressive policy, made the outbreak of the Mukden Incident in 1931 inevitable, and following that event the Japanese have not ceased their aggressive policy, thus facilitating the expansion of their investments in China. Within a period of three years (1931 to 1934) Japanese investments have increased from eleven to twenty-five million dollars. In other words, the Japanese have doubled their investments in China, and the total is now twice the amount of British investments in this country.

The percentage of Japanese investments shows still more surprising figures, representing 53% of the total foreign investment in China, an ample proof of Japan's determination to monopolize the economic field in China. The following table shows the fluctuation of foreign investments in recent years :—

	Amount (in million U.S. $.)		Percentage.	
	1931	1934	1931	1934
Britain	1,189	1,160	36.7	24.0
Japan	1,137	2,540	35.1	53.0
America	197	340	6.1	7.0

It is obvious that this rapid increase in Japanese investments is, in the first place, due to their steady pressure in the North-eastern provinces. For instance, in 1931, Japanese investment in Manchuria amounted to 1,616 million dollars, while the total amount in March of 1933 reached 1,716 millions, which increased to 2,036 millions at the beginning of 1934, while in 1935 Japanese capital invested in the North-eastern provinces amounted to 2,600 million dollars (*China Economic Year Book* page 199).

According to a recent report published in the Tientsin "Yih Shih Pao," the Japanese have also increased their investments in China. Since 1931, the figures have amounted to $733,440,000 in North China and $393,406,000 in the Southern provinces, with a total investment in China proper amounting $1,126,846,000 within three years.

The investment of capital abroad by imperialistic nations has been always confined to the following points :—

1. To open a new field for the surplus capital of their own country.

2. To manipulate the economic and administrative power of the nation where their capital is invested.

3. To safeguard and expand the sale of surplus goods from their own country.

Japanese investments in China are of a similar nature to those of other imperialistic nations, but have laid special stress on the second point mentioned above.

It may seem to the general public that Japanese investments in China have been and still are being equally devoted to industrial, agricultural, and financial enterprises; but the fact is that the present tendencies of Japanese investments are :—

Japanese Investments Aim at Economic Domination

1. To effect absolute economic power over new or old investments;

2. To augment and consolidate their political influence.

While the first object will greatly jeopardize Chinese domestic industry, the second object is to keep close watch on the development of communications of military as well as economic importance.

Let us discuss the first object of Japanese investments in this country. The Japanese pay special attention to spinning and weaving, which is, in fact, the very foundation of Chinese industry. For this reason, the Japanese imperialists, in order to prevent completion of the industrialization of China, have done their best to ruin spinning and weaving in China, and it seems that the last days of the Chinese spinning industry have come. Most of the factories are either closed down of have been bought by the Japanese. Such is the condition or affairs in the Northern provinces.

On the other hand, the development of Japanese weaving and spinning enterprises in China is in full swing.

According to the so-called North China exploitation plans of the Japanese, three spinning and weaving industry agencies will be established in the North to invest capital for the opening of three large spinning and weaving factories. Such plans, if carried out, will not only deal a heavy blow to the weaving industry in Hopei, but will result in a breakdown of the industry throughout the whole of China.

At the same time, our attention should be directed to the Japanese desire to increase the production of raw material in China. According to plans drafted by the Foreign Office in Tokyo, the following steps should taken in the development of cotton planting in North China: —

1. The cotton area must be augmented, and in addition to the Luantung demilitarized zone, there will be added 13 special cotton areas in Tientsin and other districts. Japanese experts will be appointed to supervise the work.

2. The Japanese will, in addition to financial aid, offer selected cotton seed to the Chinese peasants and be responsible for the disposal of their crops.

3. The Japanese will effect absolute control of the cotton testing farms. The cotton farms in Tinghsien and Nanwuan are already under control of the Japanese-owned North China Cotton Promotion Association.

Above all, it is learned that the Japanese, in order to effect complete control over the cotton market in North China, will amalgamate their North China cotton promotion with the cotton farm under the Nanking Government.

Japanese Develop Sheep Breeding in Mongolia

Meanwhile, the Japanese have paid much attention to sheep breeding in Jehol, Chahar and Inner Mongolia and have decided to establish a special bureau in Tientsin to facilitate the transportation and sale of sheep. Thus breeding in North China will be entirely in the hands of the Japanese.

The Japanese are also contemplating control of the coal industry in North China, inasmuch as production there represents 70% of the total output of China. Another object of Japanese nvestment is to consolidate political influence in this country.

A number of highways have been constructed under the auspicies of the South Manchuria Railway Company, but the some of these are not even open to the Chinese, and are therefore of no economic significance.

Japanese investments in North China are also of great military significance. Three measures have been taken by the South Manchurian Railway for the development of economic enterprises in North China, control of communication, exploitation of mines, and the promotion of cotton production. All these are of military significance. For instance, the construction of nine highways between Tientsin and the Luantung demilitarized zone, effects close contact with the railways extending to the Great Wall and Jehol, and the extension of the Changchow-Shihchaichuan railway, the exploitation of iron mines in Lungyen, and the opening of a steel plant in Tangshan are all projects supporting military expansion. In addition, the opening of naval ports at Hulutao and Lohting, at the mouth of the Taling River, are also contemplated by the Japanese. It is understood that the Eastern Hopei "autonomous" regime has appropriated $75,000,000 for such construction, and, according to investigations made by foreigners, the strategic importance of the port at Lohting far exceeds that of Tangku and Chinwangtao.

Aside from all this, the Japanese are preparing to open two large arsenals in Luantung and equipment has been shipped to Eastern Hopei from Nagasaki.

In brief, there is but one common object of Japanese investment and that is make China a colony of the Island Empire.

According to reports, Japanese troops in North China have forcibly occupied an area near Fengtai and are now erecting large barracks at Limingchwang, near Tientsin. All these things explain the new Japanese investment method, and are, as a matter of fact, a manifestation of the Japanese determination to launch a new economic invasion simultaneously with military aggression.—*Translated (Condensed) from "The World Culture," Vol. 4 No. 7.*

June 16, 1936.

Spunt-Rosenfeld Case Continues in U.S. Court for China

The U. S. Court for China was occupied during this week and last in hearing evidence in the case in which Mrs. Betty Spunt, sole executrix of the estate of her late husband, Jacob Spunt, is suing for a sum amounting to more than $160,000, which she claims is due from Julius Rosenfeld, local broker. The amount of money asked is stated to represent loans made to Mr. Rosenfeld and his father, the late A. Rosenfeld, by Mr. Spunt. A considerable portion of the money loaned is said to have been lost in market operations. The broker, although having made payments several years ago, now contends that he was misinformed when such payments were made and has since discovered that he doesn't owe the money. The case is being heard by Judge Milton J. Helmick. Dr. George Sellett is representing the plaintiff; Cornell S. Franklin, Dr. O. Fischer and Reader Harris are appearing for the defense.

The defendant was on the witness stand for four days, a large part of this time being devoted to cross-examination by Dr. Sellett. It was brought out in evidence that Mr. Rosenfeld and his late father had borrowed $100,000 from Mr. Spunt. This was before the Rosenfeld concern was incorporated. Later, the company was incorporated under the laws of Alaska, and according to the defense, Mr. Spunt took shares for the money he had put up and that, therefore, the defendant claims he is not obligated to pay the sum back. In pointing out that no capital account entry had been made until after the firm had closed, Dr. Sellett intimated that somebody had made the entry since litigation in the old Mixed Court had loomed at the time. Mr. Rosenfeld denied that he had had anything to do with the entry or the books. "I was not in Shanghai. My father was in the hospital. I am not an accountant or a bookkeeper so I can't give you much information about the books," declared the witness.

He repeated this statement more than ten times. Dr. Sellett persisted in asking questions along the same line and then Mr. Franklin objected on the grounds that questions concerning the entries had been asked over and over and that the same answer was always forthcoming. Judge Helmick upheld the objection.

After Mr. Rosenfeld left the stand July 18, Dr. Sellett made a motion that judgment be handed down in favor of Mrs. Spunt. He declared that it was obvious that the broker owed the money, and that "even if we believe every word he said" he said enough to warrant judgment being entered against him. Judge Helmick overruled the motion.

Giving evidence for the defence, Harry Foox, 62-year-old Tientsin broker said, "I never took A. B. Rosenfeld and Son, Inc. seriously. How could I when Julius Rosenfeld himself would come into the office and laugh about it?"

Mr. Foox referred to A. B. Rosenfeld & Son. Inc. as "an alleged corporation." This brought a protest from Mr. Franklin.

Under direct examination Mr. Foox told how Mr. Rosenfeld came to the Spunt office after his return from New York, and stated that since he hadn't been able to make good in the American metropolis, he hoped he could still make good and "repay everything." He also declared that when either of the two Rosenfeld's, father and son, applied for a loan to the Spunt concern, the purpose for which the loan was wanted was investigated and if found satisfactory, the money was granted.

"One morning," he declared, "father and son came into the office and were crying just as though they had lost everything in the world. They said, 'What have we got left now. Bad luck is with us. We seem to be getting harder hit all the time.' The purpose of their call was to obtain a loan." He described how the two Rosenfelds vowed to devote their lives to repaying their generous relative and uncle.

"They said they would never forget how kind Uncle Jack and Brother-in-Law Jack were to them. As long as they lived, their object would be to repay the debts. Losses of the Rosenfelds made up by Mr. Spunt, according to the witness, included Tls. 64,484.85 on American cotton futures, followed by a series of U. S. dollar margin losses covered by advances aggregating U.S. $42,500.

Prof. Chang Discusses China's Intellectual Temper at Geneva

An understanding of China's intellectual tempers and recent tendencies was necessary before any form of collaboration with China could be effective, declared Prof. Chang Peng-chun of Nankai University, Tientsin, at the plenary session of the League International Intellectual Cooperation Committee in Geneva July 20. Two points, Prof. Chang stated, should be particularly mentioned so far as understanding was concerned, namely, (1) Its attitude towards cultural changes, and (2) The new sentiments among the student class.

All modes of life in China, according to Prof. Chang, are changing swiftly, sweeping away confusedly all conservative influences. The words "modernization" and "Westernization," Prof. Chang opined, do not fittingly describe the process of change in China.

Is Wang Keh-min Another "Puppet" for Japanese Economic Aggression in China?

BY C. Y. W. MENG 孟長沐

SINCE the inauguration of the Hirota cabinet, with Mr. Arita as the Foreign Minister, there has been a marked change in Japan's China policy—from military and open aggression to economic and underhand aggression; from seizing more Chinese territories to seizing more Chinese natural resources and to controlling China's finances; and from political exploitation to economic exploitation.

Before arriving in China, Mr. Kawagoe, Japanese Ambassador to China, had already stated that "the best and simplest way to readjust Sino-Japanese relations would be to extend 'economic' assistance to North China, where Japan and Manchukuo have special close relations." He cited as an instance the railway loans in kind, cooperation with farmers, prospecting and and developing of mining resources. When he arrived in Shanghai he said "difficulties that confront China today, are many and complex but the 'economic' development of the nation is, I believe, a most urgent necessity. There is no need of saying that Japan simcerely hopes to be able to collaborate with China for that very purpose." Concerning Sino-Japanese issues, he said, "a political settlement is being advocated but I believe that 'economic' co-operation offers the best means for a practical readjustment, and such 'economic' co-operation should be started first in North China because conditions there are such that we can achieve results."

The so called "New Deal," which the Japanese new cabinet adopted, also provides, besides the increase of troops in Manchuria, "assistance to China in kind for the construction of railways and for financial rehabilitation of the country."

Japan Looking for a "Puppet"

In the event of the military aggression, it is necessary for the invaders to resort to brute force—which not only costs more Japanese "money and blood", but as it is in the open, not only arouses among the Chinese anti-Japanese feelings but also international opposition. But in carrying out the economic aggression, what the invaders need to do is to employ some "puppets" to act for Japan. Some Chinese observers call it a "peaceful, invisible and underhand aggression." For example: Yin Yu-keng's "government" in Eastern Hopei is one of the Japanese puppet organs which acts in accordance with Japanese dictates. Apparently, during the past weeks, the invaders had been looking hard for such a "puppet." Major-General Seiichi Kita, Japanese military attachee, told the Japanese press in Shanghai on July 8 that "conditions have become much more stable since I visited there in December, and various activities of the Council (meaning Hopei-Chahar Political Council) appear to be progressing. A lack of 'human material' is holding up progress but as soon as this shortcoming is overcome and improvements are carried out we shall see a 'rapid development' of the region." What is meant by "human material" is of course, the "puppet"—a "tool" for Japanese economic aggression of China.

At last, the "incarnation" of the puppet was found when Wang Keh-min, former Anfuite (pro-Japanese clique) was invited to visit Peiping, allegedly by General Sung Chih-yuan, and was offered the chairmanship of the Economic Affairs Committee of the Hopei-Chahar Political Affairs Council. The *Reuter* report from Tientsin dated July 7, reported that Mr. Wang "is expected to play an important role in future affairs."

This time the invaders had been very frank in telling us that they "will support Wang Keh-min." The Japanese consular and military authorities in North China were expressly instructed by General Terauchi, War Minister, and Mr. Arita, Minister of Foreign Affairs, to give "absolute support" to Mr. Wang. Lieut-General Tashiro, Commander of the Japanese garrison in the North China, Yoshio Muto, first secretary of the Japanese Embassy in Peiping, and Mr. Tajiri, Japanese Consul-General in Tientsin, were notified that "the Japanese Government welcomes the arrival of Mr. Wang in North China," and were further instructed to "give him absolute support," as the Japanese Government "expects him to make necessary reforms in the Hopei and Chahar regime and the 29th Army, and work freely to brighten the atmosphere in North China." The Japanese consular and military officials were also instructed to convey the attitude of the Japanese Government to General Sung, and to see to it that the 29th Army does not obstruct his plans.

At one time, this Japanese new "puppet" openly demanded that he would take up his post only when he is "free" from any interference in his work from General Sung. At another time he was reported to have presented two "demands" to General Sung, namely, complete divorce of the 29th Army from the finances of Hopei and Chahar, and a free hand in the projected reform of the Northern finances and the economic rehabilitation of the region. Apparently, General Sung could not accept any of these two demands. So at one time, Wang was reported to have said that "he was prevented from doing much work" under the pretext of his "eye trouble;" and the Japanese semi-official news agency reported that Wang would "probably have no chance to visit North China again!"

Puppet Officially Appointed

At any rate, the appointment of "Wang Keh-min as the chairman of the Economic Affairs Committee is now officially announced. Apparently, it is due to the Japanese "full and absolute support." But in what way the disagreement with General Sung was removed, and understanding reached, we do not know at present. The Chinese report from Peiping has it that "an economic organ on a larger scale than the present Economic Affairs Committee in the Hopei-Chahar Council may be established in August according to the information from official circles."

Japanese Economic Aggression in Progress

In fact the Japanese economic aggression is now already going on very vigorously and is taking place in many directions, as may be witnessed by the following instances:—

(1)—Exploitation of Chinese natural resources: Mining operations at the Chaoyung gold field in Shantung will be started early in January next year by a "joint Sino-Japanese firm," according to the announcement of Tsurumatsu Toshimitsu, main promoter of the concern. Continuing, the report said that "permission to start work was granted by the Nanking Government on May 11." The mining company, which will have its headquarters in the building of the Kinugawa Hydro-Electric Company, one of the largest enterprises of this kind in the country of which Mr. Toshimitsu is the president, will be captalized at $1,700,000.

This is not the first time for us to hear such report. In the past we have often heard of the so-and-so Sino-Japanese companies, capitalized at $15,000,000, being formed for the development of mining resources in Kwangsi, Fukien, etc.

(2)—Construction of more railways and highways for military purposes: At present, projects for constructing many railways and highways in North China—which all have military significance—are under discussion. To speak of the construction of Tsangchow-Shihchiachwang Railway alone, it will greatly facilitate the Japanese military and economic exploitation of North China by giving easy transportation for the coal in Shensi to Tientsin and Tsingtao; by facilitating the exploitation of Chinese natural resources alone the line; and by facilitating the transportation of Japanese troops from Tsingtao to Shensi and Suiyuan.

(3)—Exportation of Chinese agricultural products to meet Japanese needs: During the past weeks, considerable consternation has been aroused in the Shanghai market by the wholesale buying of Chinese cereals by Japanese merchants. According to reliable reports, the Japanese have bought 20,000 piculs of wheat from Wuhu, 70,000 piculs of wheat from Shanghai and a total of 10,000 bags of rice from the interior.

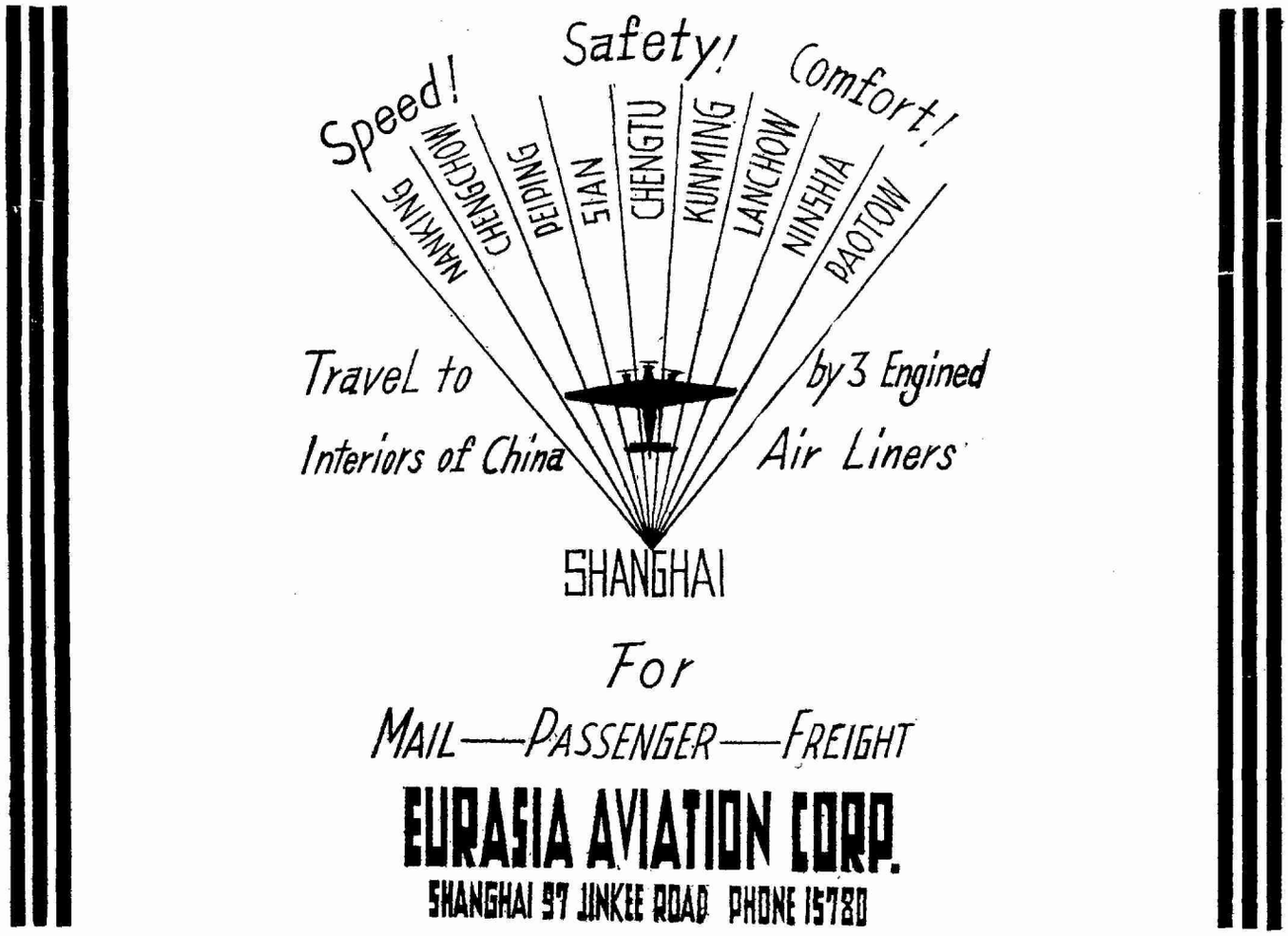
According to another report, Japan will spend the vast sum of Yen 4,000,000 during the present fiscal year for building an experimental farm in Tientsin; an industrial research institute in Tsingtao and libraries in Peiping and Shanghai. The Japanese have been often reported to have offered their assistance for the cultivation of Chinese cotton in North China. But underneath their motive is the "monopolization" of the Chinese cotton industry, and of supplying the Japanese needs with the Chinese cotton, to make the Japanese independent from foreign supply.

It is also predicted that Japan will insist on the revision of Chinese customs tariff on Japanese imported goods to North China as *sine qua non* for cessation of the Japanese officially-fostered smuggling in North China. The 3-point instruction given to Mr. Kawagoe provides, besides "realization of the much desired cooperation between China, Japan and Manchukuo," and "recongnition of Japan's 'special positon' in North China," also a "lower import tariff on Japanese goods to alleviate the smuggling situation." With the finding and inauguration of the "puppet," Japan could now push on her program of economic aggression in China with full speed.

Some Observations

There are some observations which we wish to discuss, and we may point out some of them as follows:

1.—The exploitation of the natural resources as well as the construction of railways is a right belonging to the nation, which must be preserved. Even in the old days when the Chinese national feeling was at a low level, the exploitation of mining resources or construction of railways was bound to arouse bitter opposition among local people. It is recalled that the first shot in Wuchang, which started the Chinese Revolution in



1911, was caused by the dispute over the construction of the Hankow-Szechuen Railway. While it is not our purpose to hope that Sino-Japanese joint enterprises or undertakings for the exploitation of Chinese natural resources and construction of railways will start another Chinese revolution, we, nevertheless, do wish to point out that the Chinese policy of "employing foreign capital to develoy the Chinese industries" should not be applied in the Sino-Japanese case, when the Japanese have another axe to grind in demanding many joint enterprises and undertakings. It is cooperation in name, but economic aggression in fact. The sole Japanese object, in demanding "economic cooperation" with China, is, on one hand, to develop Chinese natural resources and industries to supply the needs of Japan and to supply Japan with raw material for her preparation for major warfare to come; and, on the other, to control China financially and economically, and to reduce China to a vassal state or a colony of Japan!

2.—The Chinese negotiators should not take the matter lightly when they hear such plansible terms, as "joint enterprises or undertakings". Those who had been the managers or directors of some Sino-Japanese companies in Manchuria in old days will be able to tell us their bitter experiences. It is only a joint company in name, but a fully Japanese-controlled company in fact. There were some Chinese managers or directors, but they were all men "who could do no wrong." What is true in the past will be more true in the present. It is materially different from Sino-foreign joint companies, such as the China Aviation Corporation, where China owns the major part of the shares and where the Chinese authorities may dismiss the American staffs.

3.—The present Chinese foreign policy is that "peace will not be forsaken by China until there is no hope for peace, and the idea of sacrifice will not be lightly embraced until China is driven to the last extremity where sacrifice is inevitable," and the Chinese leaders further say that China will consider "the time for China to make the supreme sacrifice when any nation should force China to sign any paper for the recognition of Manchukuo." But the question is: At present, Japan has changed its policy; Japan does not press for the recongnition of Manchukuo, but Japan has substituted economic pressure for armed warfare, economic aggression for military aggression, and instead of "recognition" asks for "cooperation." Under such circumstances, should we consider the Sino-Japanese situation less critical than before? Should we consider "robbery of our national natual resources" less serious than "loss of territories?" Economic aggression less seriousth an military aggression? Nanking's present policy applies well when Japan goes on with its military aggression and when Japan presses China for recognition of Manchukuo. But will the same policy be advisable and applicable when Japan has changed its course of action to economic aggression? Will the present Nanking foreign policy offers some advantages to the Japanese economic aggression? All these questions will give much food for thought to all observers and to the Chinese leaders.

Nanking, July 18, 1936.

U. S. Commissioner Renders Two Suicide Verdicts

Lieut.-Colonel Orville M. Johnson, aged 52, American officer attached to the Philippine Army, leaped from the fourth floor of the Palace hotel in Shanghai at 3 a.m. July 21. He was picked up dead on the sidewalk and the body removed to an undertaking establishment, where the bodies of two other Americans, Hairston and Covert, were still lying. The deceased's home was Salem, Oregon. The widow is in the Philippines. Lieut.-Colonel Johnson had just arrived in Shanghai form the Philippines the previous evening.

Marshal S. Hairston Found Dead in Hotel Room in Shanghai

The dead body of Marshall Smith Hairston, 41 years of age, American factory manager of the Pootung branch of the Yee Tsoong Tobacco Co., (B.A.T.) was found in room 302 of the Astor House Hotel in Shanghai at 5.30 a.m. July 20, when the room-boy came to call him as customary. Hairston was lying in the center of his bed with a bullet hole in his chest, apparently self-inflicted. Mr. Hairston is survived by a widow and two sons, Samuel, age 10 and Thomas Fleetwood, age 6. The family left for Tsingtao on June 16 to spend the summer, expecting Mr. Hairston to join them in August or September. Mr. Hairston and his wife were born in Stella, Virginia. He came to China in 1917 and went to work for the British-American Tobacco Company. He was employed in the Leaf Department until two years ago when he was promoted manager of the Pootung factory. Powder stains testified to the nearness of the gun which fired the fatal shot.

U. S. Commissioner Collins rendered a verdict of suicide July 22 in both the above mentioned cases. An inquest into the death of Leonard Covert found dying with a bullet wound in his head, in Great Western Road July 16, was scheduled to be held July 23.

Japan to Issue "Red Ink" Bonds for Yen 400,000,000

"Red Ink" bonds valued at Yen 400,000,000, to cover the budgetary deficit for the current fiscal year, will be issued in the middle of October, Dr. Eiichi Baba, Finance Minister, revealed in Tokyo July 15.

Japanese Army to Demand More Bond Issues

The Tokyo *Yomiuri* July 15 stated that War Minister Terauchi, who had submitted the Army's plan regarding all-around reforms to the Premier and Finance Minister the previous day, is of the opinion that the question of raising funds for realization of the second defense plan of the Army and the stabilization of the people's life is one which is outside his jurisdiction and that this financial problem should be studied independently by the Government and Finance Ministry authorities.

It is pointed out that the Army's demand is not confined to national defense plans alone but contains items relating to reform of the administrative machinery and stabilization of the people's life and kindred issues. Even if the national defense plan is to be accepted as much as possible, the result will be wholesale abandonment of the all-around reforms which the Government is seeking to realize, and this will seriously affect the fate of the Cabinet, the *Yomiuri* commented.

Running counter to the Army's professed views, Dr. Eiichi Baba, went on record July 18 in opposition to a continued issuance of "red ink" bonds, suggesting instead the imposition of new taxes. The military authorities, facing the task of strengthening the Army's air arm and the nation's air defenses and the Navy's plans for the construction of capital ships, pressed the Treasury for the issue of new public bonds.

Martial Law In Tokyo Lifted—Papers Approve

Martial law in the Tokyo district was lifted at midnight July 17, after being in effect for more than 20 weeks since the mutiny of Feb. 26.

The *Jiji Shimpo*, a leading daily, said that the nation will hail "with great relief" the lifting of martial law, "which was a constant reminder of the state of unrest to the nation."

The *Chugai Shogyo*, a leading commercial journal, expressed its belief that the nation would be delivered from an oppressive feeling caused by martial law.

A tribute was paid to the people by the *Yomiuri Shimbun*, a prominent metropolitan paper, for a calm attitude and hearty co-operation with the authorities in the maintenance of peace and order since the incident.

Officials to Confer on Maintenance of Order

With the lifting of martial law in the Japanese Capital on July 18, officials of the Ministries of War, Justice and Home Affairs have made arrangements for joint meetings once or twice a week to consider steps for the maintenance of peace and order throughout the land.

Japan's Trade in Orient in June Shows Gain

Nippon's trade with China, Manchukuo, the Kwantung Leased Territory and Hongkong in June resulted in a favorable balance of Yen 25,069,000, with the exports totalling Yen 52,752,000 and imports reaching Yen 27,683,000, the Tokyo Treasury announced July 16.

Second Ten-Days of July Show Favorable Balance in Japan's Trade

With a favorable balance of Yen 4,909,000 registered by foreign trade for the second ten days of this month, Japan entered into her export season, July 20. Exports for the ten-day period totalled Yen 68,636,000 and imports reached Yen 63,727,000, with the total unfavorable balance since the beginning of this year amounting to Yen 318,536,000, the Treasury announced on said date.

Japan Economic Federation Coming to China in the Autumn

A decision to dispatch an economic mission to China some time this autumn was reached July 14 by the directors of the Japan Economic Federation. The group will include members of the Sino-Japanese Trade Association and will probably be headed by K. Kodama, president of the Yokohama Specie Bank.

O. S. K. Charters Ten Ships to Carry South American Wool

Marking a new development in Japan's trade war with Australia, the Osaka Shosen Kaisha July 17 chartered seven 10,000 ton freighters to carry South American wool to Japan.

Radio Telegraph Service to Be Opened Between Japan and Germany

With the Olympic Games opening on August 1 the Communications authorities of Japan and Germany July 17 reached an agreement for the opening of radio telegraph service between the two nations on July 21.

Japanese Envoys in Europe to Confer

Faced with growing political tension in Europe, Hachiro Arita, Foreign Minister, July 15 instructed the Japanese Ambassadors stationed in European countries to hold a conference in Paris at the conclusion of the Montreux pourparlers now in progress

Japan Stock Exchanges Closed, as Slump Feared

Following in the wake of rumors regarding the Government's alleged intention to reorganize stock exchanges, trading at the Tokyo Stock Exchange was suspended July 21, soon after the beginning of the morning session. The step was immediately followed by Stock exchanges in Osaka and other major cities. The immediate impetus for the suspension of trading was supplied by the slight drop in the value of the stock of the new Tokyo Stock Exchange, which threatens to assume serious proportions. Financial circles in Tokyo said that the suspension of trading prevented a ten-point slump in the quotation on the securities of the Tokyo Stock Exchange which stood at Yen 130 July 20.

The slump was caused by a revelation by the *Asahi*, a leading metropolitan daily, that the Government has completed a draft plan for the reform of stock exchanges, apart from the reform scheme worked out by the Ministry of Commerce and Industry, which controls the stock exchanges. The Government's reform program, the *Asahi* asserted, aims at the checking of unwholesome inflation of currency and the promotion of a sound development of the security market.

Japan To Start Naval Building on January 1

In a statement dealing with the Navy's new defense program, Admiral Nagano, Navy Minister, July 17 informed Premier Koki Hirota that the construction of capital ships will begin on Jan. 1 next. The Navy Minister, however, did not reveal the details of the new building program, nor the appropriations he will seek from the Treasury. The Navy, Admiral Nagano emphasized, has restricted its new projects to the barest minimum it deems consistent with national security.

Japanese Ship Art Objects for Harvard University Tercentennial

Insured for the nominal sum of Yen 3,000,000, one hundred valuable objects of Japanese art were shipped from Yokohama July 15 for Boston. The art treasures will be displayed at an exhibition of Japanese Classical Art to be held this fall under the auspices of the Boston Municipal Museum, in honor of the tercentennial of the founding of Harvard University.

Education Minister Spurns Large Gift—Asks Funds Be Used for Hospital and School

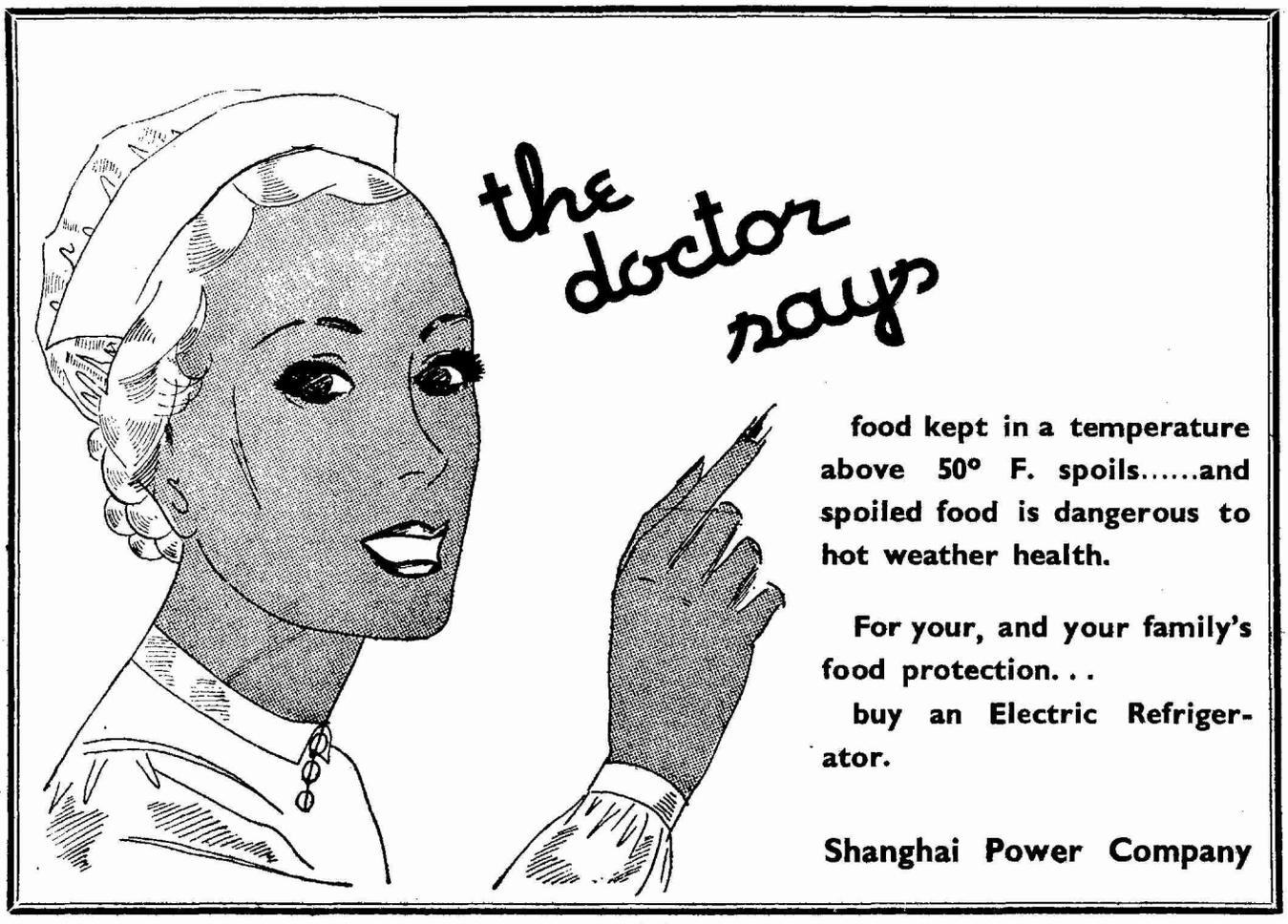
Hatsusaburo Hirao, one of the Nippon's major industrialists, who last March was drafted by Premier Hirota to head the Ministry of Education, again sprang into limelight July 20 by declining a cash gift of Yen 300,000. For the past five years Mr. Hirao has toiled on the reorganization of the nearly-bankrupt Kawasaki Dockyards in the capacity of a non-salaried President. When he abandoned "big business" for more academic pursuits, the grateful Kawasaki shareholders voted him a bonus of Yen 300,000. Mr. Hirao, in reply, declined the sum and asked that it be used for the needs of the Konan Hospital, and the Higashi Damari School.

Dr. Ben Dorfman in Speech Opposes Ban on Japanese Goods

It is extremely doubtful whether the indiscriminate raising of barriers to imports from Japan would redound to the national interest of the United States, declared Dr. Ben F. Dorfman, expert of the United States Tariff Commission, in an address to the University of Virginia Institute of Public Affairs at Charlottesville, Va., July 16. Dr. Dorfman served as a technical expert to the Lytton Commission in Manchuria. The United States and Japan, Dr. Dorfman asserted in his speech, specialize mostly in different types of exports and cultivate different markets. Hence, he said, the recent expansion of Japan's exports is not a major factor affecting the exports of the United States throughout the world outside Japan. The speaker called attention to the fact that American consumers have benefitted by Japan's expansion through lowered prices in the United States. Accordingly, he said, restrictive tariffs in general would injure consumers at home, as well as certain exporters. The depreciation of the yen has been given undue importance, Dr. Dorfman said.

Japanese Appeals for British Cooperation at Meeting of Chosen Corporation

A new appeal favoring the cooperation of England and Japan as essential not only for the maintenance of world peace but also for the development of the natural resources of the Far East, was contained in a speech delivered in London July 15 by Mr. Kazai, Japanese parliamentarian, at the extraordinary session of the Chosen Corporation. He expressed satisfaction that a new opportunity was now presented for strengthening Anglo-Japanese economic relations. Japan, he said, had profited by British assistance at the beginning of the century and again during the Great War, when Japan had joined her efforts to those of all of her allies for protecting their interests in the Far East.


the doctor says
food kept in a temperature above 50° F. spoils.....and spoiled food is dangerous to hot weather health.
For your, and your family's food protection. . .
buy an Electric Refrigerator.
Shanghai Power Company

Yungting River Water Level Drops—Yellow River Continues to Rise

The fourth plenary meeting of the National Water Conservancy Commission was held in Nanking July 16 under the chairmanship of Dr. H.H. Kung, Minister of Finance, and concurrently Chairman of the Commission. The proposal of Fang Chio-hui, Control Yuan Commissioner for Honan and Shantung, recommending the unification of administration for the conservancy of the Yellow River, was adopted in principle. Measures for dyke repair and flood prevention will be referred to the N. E. C. for execution.

Flood prevention in China should go side by side with navigation and irrigation improvements in accordance with a hydraulic reconstruction program worked out on reliable data and after thorough investigations of the various waterways in the country, N. A. van den Heuvel, Netherlands conservancy expert, who is now director of the National Hydraulic Laboratory of the National Economic Council, declared in a recent radio address over the Central Broadcasting Station. Charged with hydraulic reconstruction duties, the Hydraulic Department of the N.E.C., according to Mr. van den Heuvel, is mapping out a general plan, covering all phases of flood prevention and navigation and irrigation improvements in the principal rivers of the country.

Anxiety over the recurrence of flood in the Yungting River was relieved July 16 when the water level dropped about three feet.

The Yellow River in Shantung province was still rising July 18. Ho Ssu-yuan, Provincial Commissioner of Education, who represented Gen. Han Fu-chu, Chairman of the Shantung Provincial Government, at the 4th plenary meeting of the National Water Conservancy Commission under the National Economic Council, stated on his return to Nanking July 17. Mr. Ho said that measures to finance the project of readjusting the delta of the Yellow River had been adopted at the meeting of the National Water Conservancy Commission. Besides requesting the Board of Trustees for the administration of the British Boxer Indemnity Refund to appropriate the funds already fixed for the work, an additional sum of $40,000 will be remitted, he added.

Flood Cuts Railway Between Harbin and Hsinking

Railway traffic between Hsinking and Harbin was suspended July 20 following heavy floods that washed off portions of the tracks. Six passenger planes were sent to Harbin to connect the international railway service via Siberia.

Engineer Drowned in Yangtze

Tang Wu-yueh, engineer of the Yangtze River Conservancy Commission, was drowned in the Yangtze River at Hanchuen, about 30 miles west of Hankow, on July 15, when he accidently slipped into the rapid currents while engaged in his work.

Villages Along Tientsin-Pukow Railway Inundated

Scores of villages in Tsanghsien (Tsangchow) along the Tientsin-Pukow Railway, in south-eastern Hopei, have been inundated in consequence of the collapse of a portion, 600 feet long, of the Hsien River dykes following the arrival of a large volume of swollen waters from the southern section of the Grand Canal. The affected area was under four feet of water July 20.

Japan Will Construct Huge Fleets of Destroyers and Submarines

Japan, unhampered by any treaties, will adopt an independent naval construction program which will not be influenced by Great Britain or the United States, the Tokyo *Jiji* declared July 20. "Japan intends to maintain the greatest fleets of submarines and destroyers in the world," the journal stated, adding that the Japanese authorities will follow their traditional policy of constructing superior capital ships qualitatively, but not competing with other Powers quantitatively. The Japanese Navy, it continued, plans a "phenomenal" promotion in naval aircraft both quantitatively and qualitatively, and henceforth will maintain complete secrecy concerning its programs. "Not even the Cabinet will know the nature of these programs until they have been completed," the journal added.

Singapore Paper Calls for Action Against Japanese Trade Advance in Straits

In a leading article entitled "Japan Uber Alles," the Singapore *Straits Times* July 20 declared that within a few years the entire trade and banking business of the Straits Settlements will be dominated by the Japanese. "Energetically, quietly and in a perfectly legal manner," the newspaper asserted, "the Japanese traders, shippers and bankers have worked in the past eighteen months in such a manner that the independent trader has been virtually forced out of business, and British banking is facing the prospect of playing second fiddle." The *Times* demanded that early and drastic action be taken to curb the activities of the Japanese in the Straits, pointing out that 75 per cent. of the rubber freight being handled between Singapore and New York is now in the hands of Japanese interests.

Soviet-Japanese Officials Begin Border Talks in Tokyo

After years of intermittent border controversies, the officials of the Soviet and Japanese Governments July 16 opened conversations on the establishment of a pattern for the settlement of frontier disputes. The preliminary talks were conducted between Mr. Togo, Director of the European and Asiatic Affairs Bureau of the Foreign Office, and Nicholas Rayvid, Councillor of the Soviet Embassy in Tokyo.

The agreement to seek an amicable solution of pending Soviet-Japanese issues, including the question of border disputes in Manchuria, was reached in Tokyo July 16 at an hour's interview between Premier Hirota and Mr. Arita, Foreign Minister.

Hsinking Protests Firing Across Border by Soviets

The alleged practice of Soviet frontier guards of firing across the Manchukuo border during firing drills was made the subject of a Manchukuo protest to Moscow. Some 20 shots were stated to have been fired into the Manchurian territory on the evening of July 8, barely missing a Japanese border patrol stationed in the vicinity of Nanning.

Soviet Soldiers Allegedly Seize Manchukuo Boat

The seizure of a Manchukuo sailing boat, with 14 men aboard, by five Soviet soldiers on July 4 at Lungwangmiao, Lake Khanka, was announced in Hsinking July 18. The soldiers, the official statement said, had crossed the Manchurian border.

Soviet Court Denies Appeal of Japanese Fishing Ships

Appeals filed by four Japanese fishing trawlers with the Petropavlovsk Higher Court against a fine imposed upon them by a lower court were dismissed July 14, the judges ruling that no ground for a reversal of judgment existed. Strong dissatisfaction was expressed by Gaimusho officials with the rejection of the appeal.

Draft of New Soviet Constitution Provides for Liquidation of Transcaucasian Federation

The draft of the new Constitution of the U.S.S.R. provides for the liquidation of the Trans-Caucasian Federation and the direct inclusion of the Georgian, Azerbaidjan and Armenian Republics into the Union of the Soviet Socialist Republics.

Soviets Accord High Tribute to Litvinoff on Sixtieth Birthday

The entire Soviet country July 17 widely marked the sixtieth birthday of the Peoples Commissar of Foreign Affairs, M. Maxim Litvinov, and his exceptional merits in conducting the foreign policy of the Soviet State and in the work of securing universal peace. The newspapers devoted whole pages to Litvinov, publishing greetings, articles and sketches, in which Litvinov's outstanding qualities are noted with respect and love.

Canton-Hankow Railway Adm. Office to Be Opened in Wuchang Aug. 1

The administration for the entire length of the Canton-Hankow Railway will be inaugurated in Wuchang on August 1, it is announced. Lin Hung-hsun, Managing-Director of the Chuchow-Shiuchow (Hunan-Kwangtung) and Changsha-Wuchang (Hunan-Hupeh) Sections of the line, returned to Hankow July 20 from Nanking and proceeded immediately to Hengyang, southeastern Hunan, for an inspection of the line.

Construction work on the first section of the projected Hunan-Kweichow Railway between Chuchow, on the Canton-Hankow Railway, and Siangsiang, in eastern Hunan, will be started on August 20.

Construction work on the projected Chengtu-Chungking Railway is to be started on August 1, it is announced by the Engineering Bureau in charge. The line will traverse the districts of Kiangtsin, Yungchuan, Yungchang, Lungchang, Naikiang, Tsuchung, Tsu-yang, Chienyang and Huaichow. The sites for the stations at both terminals have also been selected.

Omnibus service on the Kiangsu section (Hsuchow-Sutsien-Haichow) of the Kiangsu-Honan Inter-Provincial Highway will be put into operation early next month, a telegram from Hsuchow states. This Highway will link Haichow, important port on the northeastern coast of Kiangsu, and Chengchow, communications center in northern Honan.

Construction work on the Nanking-Chuchow (Chekiang) Railway, which forms part of the Kiangnan Railway project, is making good progress in accordance with the plans of the Ministry of Railways. Train service is already in operation on the Nanking-Wuhu section.

S.M.R. Mainly Finances Building of the Tsangchow-Shihchiachuan Railway

Definite plans have been drawn up for the building of the Tsangchow-Shihchiachuan Railway to connect the Tientsin-Pukow and the Peiping-Hankow Railways. The construction of the railway will be mainly financed by the South Manchuria Railway Company. It is reported that the Peiping-Liaoning Railway Administration will pay a small amount for the building of the road bed. The *Shun Pao* July 18 stated that a number of "traitors" are collecting contributions in the southern part of Hopei for the building of the railway. The local authorities have been ordered to arrest these people, as no one is authorized to ask any contribution for the building of the railway.

Pan Yu-kuei, newly appointed managing-director of the projected Tsangchow-Shihchiachuang Railway, has tendered his resignation to General Sung Che-yuan, Chairman of the Hopei-Charhar Political Affairs Committee, on the plea of ill health.

Peiping Railway Orders More Coaches from South Manchuria Railway

The Peiping-Liaoning Railway has placed an order for twenty new passenger coaches with the South Manchuria Railway.

New Branch Line Shortens Distance Between Hangchow and Nanking

After one year's construction, the Soochow-Kashing railway, a branch line connecting the Shanghai-Nanking and the Shanghai-Hangchow railways, was opened to traffic July 16. For the time being, four trips a day will be made.

The new route makes it possible for the trip from Hangchow, the principal city in Chekiang province, to Nanking, the Capital, to be make without touching at Shanghai.

China Sends Congratulatory Message to King Edward VIII

The Chinese Government July 18 instructed Quo Tai-chi, Chinese Ambassador to the Court of St. James, to convey its congratulations to King Edward VIII of England on his escape from possible assassination on July 16, when a named Bannigan who proved to be B. A. of Dublin University, who had been under police observation, approached the King with a loaded revolver. The revolver was knocked out of the would-be assailant's hand by a policeman.

Mitsui Bussan to Store Oil for Foreign Companies in Japan

The protracted dispute between the Tokyo Ministry of Commerce and Industry and the Rising Sun Petroleum Company and Standard-Vacuum Oil Company ever since the enforcement of the Oil Industry Law on July 1, 1934, regarding the six-month oil storage obligation has been adjusted under a plan whereby the Mitsui Bussan will store oil for the foreign oil companies. The arrangement is that the Mitsui Bussan will make an investment in equipment and store oil for the two foreign oil companies, and for this the two foreign oil firms will pay rentals to Mitsui Bussan. The oil necessary for storage (gasoline and heavy oil) will take the form of being sold to Mitsui Bussan from the Rising Sun and Standard Oil at current prices.

Mitsui Bussan will make an investment of some Yen 25,000,000 for making the oil storing equipment. Under this plan the foreign companies will not find it necessary to make new investments for oil storage, and Mitsui in turn will make the enterprise commercially profitable, a plan which would kill two birds with one stone.

Extension of Saghalien Oil Concession Asked

Negotiations for the extension of the prospecting period for oil and Japanese concessions in North Saghalien were begun in Moscow July 5 between Admiral Sakonji, President of the North Saghalien Oil Company, and G. K. Ordjonikidze, Commissar for Heavy Industries.

New British Ambassador Due Here Next Month

It is announced from London that Sir Hughe Knatchbull-Hugessen, the new British Ambassador to China, accompanied by his wife, son and two daughters, will sail for the Far East via Canada, crossing the Atlantic in the *Empress of Britain*, which sails on Aug. 8. Due in Japan in the *Empress of Canada* on Sept. 5, he will stay there for four or five days, and will then proceed direct to Shanghai, while his family goes on to Peiping.

M. Paul Naggiar, the first French Ambassador to China, paid his first official call on Gen. Sung Cheh-yuan, chairman of the Hopei-Chahar Political Council, at Peiping July 17.

It is authoritatively learned that Dr. V. K. Wellington Koo, the Chinese Ambassador to France, is discussing with the Argentine Minister in Paris details of a commercial treaty between China and the Argentine. The negotiations are making satisfactory progress, a *Reuter* telegram from Nanking states.

Y. Suma, Japanese Consul-General at Nanking called on Chen Chieh, Administrative Vice-Minister of Foreign Affairs, at the Ministry July 20. In the course of the interview, the question of a suitable site for the construction of a building for the Japanese Embassy at the Capital was discussed.

The National Government, in a mandate July 14, appointed Wu Ting-chang, Minister of Industries, as a member of the Defense Commission.

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T. L. Soong Appointed Special Finance Commissioner for Kwangtung

Sweeping changes in the financial and currency structure of Kwangtung were foreshadowed July 20, with the announcement by Dr. H. H. Kung, Minister of Finance of three important appointments to high financial posts in Kwangtung.

The three appointments are: T. L. Soong, (brother of T. V. Soong) Managing Director of the Manufacturer's Bank of China and General Manager of the China Development Finance Corporation, as Special Finance Commissioner for Kwangtung; H. O. Tong, Customs Superintendent in Shanghai, as Salt Commissioner for Kwangtung and Kwangsi; and Wu Chien-tao, Provincial Finance Director of Kiangsi, as Director of the Consolidated Tax Bureau for Kwangtung and Kwangsi.

One of the most drastic steps to be taken under the new regime, it is understood, will be the abolition of the time-honored small coin system and its replacement by the legal tender notes. A branch Board will be formed in Canton under the control of the Current Reserve Board to bring stability to the Kwangtung monetary situation.

The three Government banks will also despatch responsible officials to Canton shortly to supervise the expansion of their business in the southern city.

Messrs. Tang Hsou-ming, General Manager of the Bank of Communications, and Tsuyee Pei, manager of the Bank of China, have been commissioned by the Central Government to confer with the Canton financial authorities on questions relating to financial and monetary readjustment in Kwangtung, the *Central News Agency* stated. Mr. Pei in an interview said that concrete plans for the readjustment of the currency system in Kwangtung, which is now the most urgent problem awaiting solution following the liquidation of the military situation there, are still under consideration of the central financial authorities. However, Mr. Pei pointed out, the readjustment would be made on principles which will not be detrimental to the social economy and people's livelihood of Kwangtung.

The *Review's* correspondent at Hongkong wired July 20 that the bankers in the British Colony believed that the Canton government would not sell its accumulated stocks of silver, in view of the continued appreciation of Canton banknotes, which had almost reached normalcy. Silver stocks in Canton were officially stated to be $174,550,000.

Troops Guard Silver in Canton

The Ministry of Finance at Nanking July 21 received a message from the Garrison Headquarters in Canton stating that troops are now carefully guarding the silver reserve in that city. Smuggling of the white metal, the message states, is impossible.

The attempt of General Chen Chi-tang, deposed Commander-in-Chief of the Kwangtung forces, to seize the customs revenues in Canton was an unwise move which may have been suggested by his subordinates who are not well versed in customs administration conditions, Dr. H. H. Kung, Minister of Finance, declared in a press interview in Shanghai July 17.

Following the liquidation of Kwangtung's military situation with the departure of Gen. Chen Chi-tang to Hongkong, the most pressing and important problem now confronting the Central Government will be the readjustment of Canton's financial and monetary position, Sun Fo, President of the Legislative Yuan, declared in a interview in Shanghai July 19. All administrative affairs of Kwangtung, Mr. Sun said, will be liquidated under the direction of Lin Yun-kang, who has been recommissioned by the Central Government as chairman of the province.

Chen Li-fu Talks on China's Land Problem

Unequal distribution and inefficient utilization of land, unreasonableness of the tenant system, speculation on land, poor circulation of land finances, and defectiveness of the land tax system were attributed by Chen Li-fu, member of the standing committee of the Central Executive Committee, as the principal obstacles to land development in China, in reviewing the results of the national land investigation conducted by a special commission headed by himself.

The investigation, according to Mr. Chen, was carried out last year for a period of six months. Altogether 22 provinces, including Kiangsu, Chekiang, Fukien, Kiangsi, Anhwei, Hunan, Hupeh, Honan, Shantung, Shensi, Kansu, Kwantung, Kwangsi, Kweichow, Yunnan, Szechwan, Suiyuan, Chahar, Shansi, Chinghai and Ninghsia were investigated. The number of rural households investigated was more than 1,800,000.

The investigation shows the scarcity of farm land as well as its unequal distribution in various provinces.

Of the total area of cultivated land throughout the country, 57 per cent, it is revealed, is arable land, 31 per cent watery fields while the remaining portion is hilly or swampy land.

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Admiral Sah's Departure for Nanking

BY THE REVIEW'S FOOCHOW CORRESPONDENT

ON July 8, Admiral Sah Chen-ping and his retinue started for Shanghai on board the steamer *Tsingan*. Though he went to Nanking allegedly upon the request of his son Fu Chin, who is a high official in the Ministry of Railways, and Admiral Chen Sao-kuan, Minister of Navy, who is said to have sent Admiral Sah one thousand dollars for travelling expenses, yet his sudden departure from Foochow is an event that is not to be dismissed with cursory mention. As pointed out by the evening edition of the *Fukien Min Pao*, the position of Admiral Sah Chen-ping in Fukien is similar to that of Marshal Tuan Chi-jui in North China, and in the opinion of a certain Nanking authority, Admiral Sah should, at this juncture, make a long stay in Nanking.

The present visit of Admiral Sah to Nanking may remind one of Marshal Tuan's departure for the South in the preceding year. When North China was in great turmoil, the existence of such a veteran statesman as Marshal Tuan might make confusion worse confounded. The malcontents obviously thought of installing him in a puppet regime. Fukien is now confronted with troubles within and without. The disaffected persons may, in all probability, plot to exploit a prominent figure for ulterior purposes.

Activities of Chung Hwa Revolutionary League

Since the Southwest uplifted the banner of anti-Japonism and anti-Chiang, certain participators of the so-called Chung Hwa Revolutionary League, formed by Chen Min-chu and others, have been very active in Fukien. In the first place, they have employed many officers in various government organs as intelligence agents. This explains the recent leakage of military secrets. Secondly, they have sown the seeds of sedition among the students, laborers, etc. Thirdly, they have identified themselves with the mass and student movements, fanning the flame of disgust and hatred. Fourthly, they have maintained close connections with the bandits; they have attempted to organize bandits. Some notorious bandit leaders in Fukien, Chen Wei-chin and others, have been appointed as regiment commanders by Ong Chao Yuan, commander of newly organized division in Kwangsi.

Under the vigilant watch of special service men and gendarmes, the activities of the aforesaid Revolutionary League seem handicapped.

Putien Bandits Formed National Salvation Forces

Putien, as we know, is a hotbed of bandits. Heretofore their activities have not been orientated. Different bands have scattered in different places; they have not established connections with one another. Very recently, a former militia leader surnamed Liang who has grievances against the government, has organized the bandits into "Fukien-Revolutionary-National-Salvation Force." He himself has gone to Hongkong, holding important conferences with Ong Chao-yuan.

5,000 Bandits to Be Recruited

In view of the new developments in the Southwest, Generalissimo Chiang is afraid that the bandits in Fukien will be exploited by ambitious persons. He thus instructs the provincial authorities to dispose of the bandits. The provincial authorities have dispatched agents to persuade the bandits to be recruited. About 5,000 bandits will be recruited as Peace-Preservation Corps. As Fukien is short of funds, the provincial government appeals to Generalissimo Chiang for a supply of money.

Nakamura Transferred to Canton

Mr. Nakamura, Japanese Consul General at Foochow, has been transferred to the post of Consul General at Canton. He was scheduled to leave for Canton via Formosa on July 10 but on account of his illness, his departure was postponed till July 12 when he goes directly to Canton.

An Uprising in Keelung

In the evening edition of the *Fukien Min Pao* (July 9), a Kuomintang organ in Foochow, there appeared a statement to the following effect:

> Formosans in Keelung (Formosa) have secretly formed a revolutionary party. They are financed and supplied with arms by Russians. At 3 o'clock p.m., July 6, about five hundred revolutionists stormed the Police Headquarters. The sound of guns and bombs was heard; the communication was suspended; a reign of terror prevailed.

An editorial in the *Min Pao*, Japanese-owned newspaper in Foochow, denied the aforesaid statement as false on the ground that the crew and passengers of the *Changsha Maru*, which came to Foochow on July 9 from Keelung, all negatived the statement. Formosans, the paper says, give unanimous wholehearted support to the Japanese Emperor; they will by no means plunge into foolhardy action at the instigation of Russians, as they regard Japan the steadying influence in the Far East.

Reported Skirmishes Along Fukien-Kwangtung Border

According to the *Min Pao*, there have occurred skirmishes along the Fukien-Kwangtung frontier. More than two hundred wounded soldiers have been conveyed from Haimen to Hankow for treatment. A field hospital has very lately been established in Changchow with its branches in Lungyen and Chaoan. It is said that in the night of July 3, a regiment of the 80th Division clashed with Canton troops; many of them were seriously wounded.

Fuching to Be Made a Model District

Fuching, a district near Foochow, will be made a model district. Political reforms are to be introduced; civic improvements are to be made. Attempts are being made also to modernize the district.

July 11, 1936.

"Asia" Apologies—July Issue Arrives in Shanghai

Copies of the July issue of *Asia*, previously banned by the Chinese Customs and postal authorities, duly arrived in Shanghai this week. The issue contains a letter from Tsune-Chi Yi, Chinese Consul General at New York, referring to Wilbur Burton's article in the May issue entitled, "Chiang's Secret Bloud Brothers," as follows:—

> In view of the fact that the article is full of inaccurate and false statements, I write to ask that you rectify them in the next issue of your publication in space equally as prominent as that devoted to the original article. When you make the rectification, your special attention is called to the fact that Dr. Sun Yat-sen and General Chiang Kai-shek never were members of the so-called Red Circle and Green Circle, and there does not exist such an organization as the "Blueshirts." Any characterization of General Chiang Kai-shek as the leader of such an organization is therefore absolutely without foundation.

The writer added that the misinformation was based on insidious propaganda. In a footnote the editors write:

> "Asia" sincerely regrets any embarrassment caused to the Chinese Government by the statements in Mr. Burton's article. We of course accept the assurance that Dr. Sun Yat-sen and General Chiang were never members of the Red Circle and the Green Circle, and that there does not exist such an organization as the so-called "Blueshirts," and that all aspersions cast on General Chiang Kai-shek by representing him as the leader of such a secret society are therefore completely groundless. "Asia" therefore gladly publishes this rectification and offers its apologies.

Korean Garrison Arrests Chinese Consul —Nanking Protests

Sung Ping-chien, (whom Japanese telegrams described as a "self-styled Chinese Consul in Seishin,") and an unrevealed number of his accomplices, were arrested in a police raid early in the morning of July 16 on charges of military espionage in favor of "a certain country," the Headquarters of the Korean Garrison revealed in a special communique. The men had their headquarters in the former Russian Consulate, which remained vacant since the revolution of 1917, and which was leased by the Soviet Government to the arrested men in 1931. Seishin is one of the three newly constructed ports in North Korea, important not only as outlets for Manchurian staples but also as strategical centers, situated close to the Soviet border.

The *Central News* account of the incident described the arrest of Sung Ping-chien, who was stated to be acting assistant attached to the Chinese Consulate-General at Seishin, as illegal. The Ministry of Foreign Affairs instructed Hsu Shih-ying, Chinese Ambassador to Tokyo, to file a note with the Gaimusho demanding immediate release of Mr. Sung and the other officials who were arrested at the same time. It is held in Nanking that Mr. Sun and his colleagues have been connected with the Chinese consular service for some years. Although they might have been suspected of having engaged in military espionage as reported in the press, they should have been turned over to the Chinese Government in accordance with diplomatic procedure.

Y. M. C. A. Holds National Conference at Hangchow Mountain Resort

A special national conference of Y.M.C.A. general secretaries was begun on T'ien Mu Shan, west of Hangchow, July 21, to continue through July 30. The central theme of the conference is the present national emergency situation and the Y.M.C.A. Platform addresses with discussions and reports will include such subjects as: Analysis of the present emergency situation in China; the effects of the present emergency on youth and the Y.M.C.A.; and steps to be taken by the Y.M.C.A. in case of supreme crisis.

About fifty persons are in attendance at the conference.

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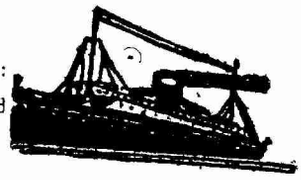

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77-324

Hopei-Charar Political Council Bans Student Movement

The Hopei-Chahar Political Council July 18 instructed the provincial authorities of Hopei and Chahar and the municipal authorities of Peiping and Tientsin to enforce a ban on the convocation of student meetings and the creation of new organizations. The decree followed on the heels of a meeting of representatives of various universities which decided to dispatch delegates to Nanking, Shanghai and other major cities to consolidate a nation-wide anti-Japanese movement.

Examination Committee Opens Office in Peiping

The committee recently appointed by the Hopei and Chahar Political Council to hold examinations for unemployed college and university graduates has opened an office and is busy. The first examinations are expected to begin on August 1. Registration of candidates for these examinations begins on July 25 and ends on July 31. It is understood that only those who are graduates of colleges or universities in Peiping, Tientsin and Paoting are entitled to sit for the examinations and that, in applying for registration, candidates must produce diplomas or certificates from their respective schools.

A Provisional Higher Civil Service Examination will be held in Nanking on Sept. 10. Six sets of tests will be given: on ordinary administration, educational administration, financial administration, judicial work, statistics, accounting and auditing.

Wang Shih-chieh, Minister of Education, in his conference with the representatives of university granduates from Peiping July 15, announced that all government organs will hereafter be required to accommodate students who have either passed the state civil service examinations or undergone special training provided by the Government.

College Graduates Training Institute's Budget Approved

The provisional budget of $400,000 for the College Graduates Employment Training Institute was approved by the Executive Yuan July 21. The Ministry of Finance has been instructed to advance the fund in ten monthly installments of $30,000 each beginning from September next pending the final approval of the Central Political Council.

Northwest Students to Study Abroad

Three students from the Northwest provinces have been chosen by the Ministry of Education to study abroad following competitive examinations held in Nanking recently. The three students are Messrs. Wu En-yu (History), Ning Chia-feng (Finance) and Shih Kuo-ya (Education). Messrs. Wu and Ning will pursue their higher studies in the United States while Mr. Shih will proceed to England.

It was announced in Nanking July 15 that the preparatory Office for the Northwestern Agricultural and Afforestation College in Wukung, northwestern Shensi, will be abolished at the end of this month, and its affairs turned over to the Ministry of Education.

Chinese Classics to Be Included in School Curriculum

Beginning next academic semester all primary, middle schools, universities and colleges in Peiping, Tientsin, Hopei and Chahar will be required to include Chinese classics in their curriculum, according to a decision reached at a recent meeting of the Hopei and Chahar Political Council.

Nanking Amahs to Be Educated in Campaign by 4,500 Girl Students

Among the watchwords of a campaign launched by the Woman Service Committee of the New Life Movement Association in Nanking for the purpose of eradicating ignorance from among the large number of maid servants in the Capital is one to the effect that "Amahs should know how to render satisfactory service to their masters. At least they should learn to be neat and polite and to refrain from pouring dirty water and throwing rubbish in the streets."

Six service corps with a membership of 4,500 girls and women, recruited from enthusiastic middle school girl students and female workers in government organs, have been organized and sent to 152 amah employment bureaus in the Capital to give regular lectures on public health and to explain to them the principles of the New Life Movement.

Japanese Journalists Received by Gen. Sung

A party of nine Japanese journalists which arrived in Peiping July 16 from Hankow called on General Sung Cheh-yuan, chairman of the Hopei and Chahar Political Council.

General Sung made a brief speech in the course of which he emphasized two points. In the first place, he said, the primary need of North China was the pacification of the people; secondly, Sino-Japanese economic co-operation in this part of the country must be on a basis of equality and reciprocity.

Spanish Rebels March on Madrid—Threaten to Bomb Capital

Spain is once more in the throes of turmoil, which is described by Ex-King Alphonso as a national movement in which the monarchists and republicans are fighting together against the Left-wing government. Spanish rebels were reported July 21 to be marching on Madrid, which they have threatened to bomb unless the Cabinet surrenders. Fighting between the insurgents and loyal troops has occurred in Madrid, Seville, Malaga, Barcelona and San Sebastian, which, however, are still in the hands of the Government. Sixty persons were killed in San Sebastian, which is reported to be in a state of siege, but loyal machine-gunners are stationed behind sandbag barricades.

Turks Take First Steps to Remilitarize Dardanelles

The first steps towards the remilitarization of the Dardanelles have already been taken by Turkey following the signature of the new treaty governing control of the Straits at Montreux July 20. Two hours after the treaty was signed, Turkish troops, for the first time since the War, moved into the demilitarized zones and the Bosphorus to the cheers of vast crowds. The whole country was beflagged in honor of the event. *Reuter* says it is probable that Turkey will be satisfied with the reoccupation of the demilitarized zones as a gesture, and it is unlikely that any money will be spent at present on actual fortification, apart from the mounting of heavy artillery. Fortifications capable of defending the Dardanelles against modern armaments is estimated to cost a minimum of £80,000,000.

Japan's Montreux Reservations Are Accepted

Making use of the Europe-Japan radiophone service, Mr. Sato, head of the Japanese delegation to the conference on the remilitarization of the Dardanelles, reported to the Foreign Office that Japan's reservations to the draft convention had been accepted by other powers, viz.: That the signature of the convention would not prejudice Japan's standing as a non-member of the League of Nations; and that Japan's rights would not be affected by the agreement on the passage of warships through the Dardanelles to carry out obligations under the terms of various agreements concluded through the machinery of the League.

Anti-Italian Sanctions Prove Expensive for China

Reports in Chinese newspapers last week stated that the anti-Italian sanctions, recently lifted by the National Government in accordance with instructions from the League of Nations, caused a loss of about $4,000,000 to China's export business. Loss in Customs revenue, however, was almost negligible, the reports added.

In accordance with the decision of the League of Nations, the National Government abolished economic sanctions against Italy July 15.

Nanking Expected to Support Anthony Eden in League Reform

Advices from Nanking state that the question of reorganization of the League of Nations is occupying the attention of the Chinese Government, which is studying the views of various prominent statesmen on the subject, including Anthony Eden, the British Foreign Secretary, and Leon Blum, the French Premier. A spokesman of the Nanking Ministry of Foreign Affairs July 15 expressed the opinion that revision of the League Covenant should be based upon the principle of reinforcing the strength of the Geneva peace machinery.

Italians Find Subjugation of Ethiopia Difficult

French news agencies persist in reporting a state of approaching chaos in the neighborhood of both Addis Ababa and Harar in Ethiopia. The Fournier agency reiterated an earlier report that Gen. Rodolfo Graziani, Italian Viceroy of Ethiopia, had been seriously wounded in the course of an Ethiopian attack upon Addis Ababa, in which the Italians are said to have suffered heavy casualties.

The small and infrequent uprisings which recently have caused more timid foreigners in Ethiopia to seek refuge in their legations, are being crushed ruthlessly and effectively by the Italian authorities, a telegram from Addis Ababa, July 18, stated.

Another Large Sum to Be Spent on Singapore Base

A supplementary estimate of £1,826,000 will be spent on stores, basin wharves, increased jetty accommodation, dredging activities and workshops in Singapore, it was announced July 14—this in addition to "substantial sums" to be spent for the accommodation of crews ashore and for recreational facilities.

Japan to Retain Over-Age Submarines

Belief that Japan will answer Great Britain's retention of 4 ,000 t ons of over-age destroyers by retaining over-age submarines was expressed in Tokyo July 16 by naval observers.

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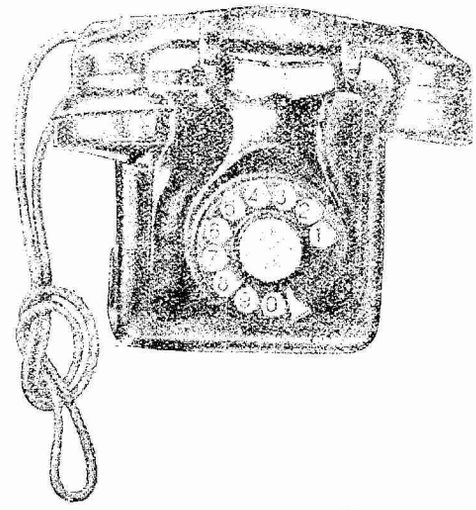

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The Japan Edition published in July will contain about 1000 pages with information on 7,000 to 8,000 firms and many Balance Sheets, price $50.00.

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77-326

Students Charged with Murder of Cook Whom They Assaulted

Said to have received injuries July 18 in a fight with two students during a quarrel over $1, a cook called Chuang employed at St. John's University in Jessfield Road, died. The quarrel started when the cook demanded the return of $1 from one of the two students. The dollar, it was said, had been put in the student's custody as a guarantee against any indisposition, five weeks ago, when the latter was reported to have found a fly in a bowl of fried rice.

The upshot of the dispute was that Lee Kan, age 20, and Ho Ching-ying, also age 20, both students at St. John's University, 180 Jessfield Road, assaulted the cook on the chin so heavily that he later died at the Red Cross Hospital. The two youths have been charged with assault causing death and were remanded in custody without bail at the first Special District Court, July 22. They were later transferred to Nantao.

Honest Coolie Ricsha Is Rewarded by Peiping Curio Shop

Central News relates that Liu Chih-yeh, a lowly ricksha coolie in Peiping became $500 richer July 15. After pulling a few passengers the previous day, Liu found a package left in his ricksha. Opening it he found enclosed some 21 pieces of rare curios. Uncertain who the unfortunate owner was, Liu turned the package over the Public Safety Bureau. Later it was discovered the package belonged to the Fu Shun Cheng Curio Shop, carelessly left behind by a shop apprentice. The curios were estimated to be worth over $4,000. A gift of $500 was presented to the coolie by the curio shop.

Peiping's No. 1 Woman Thief Arrested

Peiping's No. 1 woman thief, Mrs. Lei Yang, about 50 years of age, was arrested July 13 at Haitien near Yenching University July 12, after she had pilfered three shops, first a silversmith's establishment, then a stationery shop and lastly a meat shop.

Chinese Bar Attendant at American Club in Shanghai Imprisoned for Fraud

Wong Pao-sen, bar-attendant in the American Club, was sentenced to ten days imprisonment for fraud in the First Special District Court July 16. His offence consisted of writting extra articles into chits and then appropriating the articles (principally cigarettes) for his own use.

Armed Robber Shouts Patriotic Slogans Before Execution

Shouting "Long Live the Kuomintang and General Chiang Kai-shek" and "Down with the Traitors," an armed robber was executed by shooting at the Tien Chiao in Peiping July 18. He was Yen Yao-tseng, 34, who was formerly a brigadier. Involved in a recent robbery in the vicinity of Peiping, he was condemned to death by the court-martial of the Headquarters of the Pacification Commissioner of Hopei and Chahar.

British Studio to Produce Chinese Film by Author of "Precious Stream"

Studios at Snodland, Kent (England) are being made ready for the production of a Chinese film, which will end with a magnificent version of an Oriental wedding scene. S. I. Hsiung, author of "Lady Precious Stream," is writing the scenario, and Lai Foun, a leading Chinese actor, will play the lead.

Chinese Embassy Protests Against Scene in Gaumont Film

The Chinese Embassy in London last week protested to the Gaumont-British Film Company, which is now making a film entitled "Ohms," against a scene in which British troops cross a river and attack Chinese pirates, who are mounted on New Forest ponies, which bear a very close resemblance to Chsnese ponies. The scene depicts the pirates, who are wearing straw hats and carrying antiquated rifles, charging the British troops yelling like fiends as they advance.

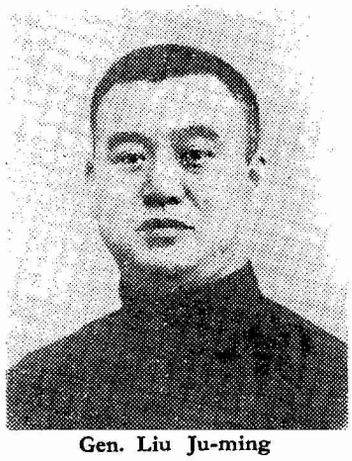
Permanent Organ to Take Charge of Child Welfare in China

With the expiration of the "Children's Year" on July 31, a permanent national organization in charge of child welfare work in China will be established in Nanking late this month, it was officially announced in Nanking July 20. Its organization, which will be supervised jointly by the Ministries of Interior, Education and Industries, and the National Health Administration, was decided upon at a conference of the four organs. The main function of the new organ, it is reported, will be to promote juvenile education and health, and after its inauguration branches will be established in other big cities.

Pursuant to its policy for the promotion of juvenile welfare, the National Committee for Enforcement of Children's Year has despatched a circular to the Provincial and Municipal Committees for Enforcement of the Children's Year and the Provincial Departments and Municipal Bureaux of Education, requesting them to organize summer health camps for children. A program, based upon the experiment made in Nanking last year, has also been forwarded to the local authorities for reference.

Who's Who in China

Gen. Liu Ju-ming, Government official; native of Hsien-Hsien, Hopei; started his career as a soldier; joined the army in the early years of the Republic serving under Gen. Feng Yu-hsiang; when Gen. Feng established a Military Officers' Training Corps at Changteh, Honan, Gen. Liu was admitted into the Corps and completed his training with distinction; appointed Commander of the 10th Division of the Norhtwestern Kuominchun Army under Gen. Feng, 1926; soon after promoted Commander of the 2nd Army of the 2nd Group Army; appointed Commander-in-Chief of the 5th Route Army of the Kuominchun, 1929; Bandit-suppression Commander for the Border Regions of Honan and Shensi, 1930; promoted Vice-Commander of the 29th Army under Gen. Sung Cheh-yuan, 1931; later transferred as Commander of the 2nd Division of the 29th Army; participated in the war of resistance against the Japanese aggression along the Great Wall in 1933 and achieved fame for his gallant defence; transferred as Commander of 143rd Division in 1936, continuing to serve Gen. Sung Cheh-yuan, and in June of the same year, appointed concurrently Chairman of the Chahar Provincial Government; address: Charhar Provincial Government, Kalgan, Chahar.



Gen. Liu Ju-ming
劉 汝 明

劉汝明字子亮，河北獻縣人，儀容豐偉，少有大志，民國紀元，投名尺籍，傑出儕輩，隸令中委馮煥章麾下，最爲馮氏器重，由卒伍偏裨，以至將帥，爲期不過十餘年，馮氏駐軍常德時，立軍官教導團，劉以副官長入團畢業，軍事學識，益爲精進，十五年西北國民軍興爲第十師師長，旋升第二集團第二軍軍長，十八年充第五路總指揮，十九年充豫陝邊防剿匪司令，二十年爲二十九軍副軍長，隸宋明軒部，嗣爲第二師師長，二十二年以第二師隨宋氏抗敵長城，威震中外，尤以羅文谷之戰最爲馳名，二十五年更易陸軍番號爲第一百四十三師師長，是年六月任命爲察哈爾省政府委員兼主席，察省爲國防要塞，名將坐鎮地方，深慶得人。

WHO'S WHO IN CHINA—5th EDITION

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is the root of evil, says an old proverb, and this is especially true if money is saved at the expense of your health. Besides, quite a modest sum will buy you a vial of Pinkettes, the gentle little laxatives and liver regulators, which dispel constipation, correct liverishness, banish biliousness, sick headaches, ill temper, gloom, in a single night. Pinkettes also keep the skin clear, the breath pure, and quickly relieve Piles. Chemists everywhere can supply you.

In the United States Court for China

GLADYS MAUDE ARNOLD, Plaintiff, vs. HERBERT OMEGA ARNOLD, Defendant.	Cause No. 4080 Civil No. 1958 ORDER Filed at Shanghai, China, July 2, 1936. William T. Collins, Clerk.

The object of this suit is to secure a decree of divorce:

WHEREAS plaintiff herein, on the 29th day of June, 1936, made application for the substitution of publication for personal service of summons upon the defendant herein; and

WHEREAS it appears from the files of this case that on the 29th day of June, 1936, the Summons for defendant was returned by the United States Marshal for China, "Not to be found within the jurisdiction of this Court"; and

WHEREAS it appears from the files of this case that on the 29th day of June, 1936, Gladys Maude Arnold, the plaintiff herein, filed an affidavit to the effect that the defendant, Herbert Omega Arnold, does not reside within the jurisdiction of this Court.

NOW, THEREFORE, it is, this 2nd day of July, 1936, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the CHINA WEEKLY REVIEW, a paper of general circulation most likely to reach defendant.

IT IS FURTHER ORDERED that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 25th day of July, 1936, the last day of publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT.

MILTON J. HELMICK
JUDGE.

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The National City Bank of New York, Rates of Exchange
Shanghai, July 22, 1936

Demand selling rate on America:	U.S. $1.00=Sh. $ 3.34
Demand buying rate on America:	U.S. $1.00=Sh. $ 3.29
Demand selling rate on London:	£1.0.0=Sh. $16.84
Demand buying rate on London:	£1.0.0=Sh. $16.58

Men and Events

Thirty-three people lost their lives July 18 when a ferry boat capsized near Hancheng while crossing the Yellow River along the Shansi-Shensi border.

After an extensive trip to Yunnan, the Geological and Ethnological sections of the Investigation Party, organized by the Academia Sinica, returned to Nanking July 18.

The China Animal Husbandary and Veterinary Society was formally inaugurated in Nanking July 18, at a ceremony held at the College of Agriculture of the National Central University.

Richard C. Wilson, formerly *United Press* representative in Honolulu, passed through Shanghai end of last week en route to Manila, where he will become chief of the agency's bureau.

Ma Heng, Director of the Peiping Palace Museum, has offered a reward of $1,000 for the arrest of Chao Po-yen, the central figure in the recent museum theft case, who is still at large.

The death occurred in Peiping July 20 of Hardy Jowett, prominent British resident in North China. In his younger days he was a missionary; in later years he was employed by the Asiatic Petroleum Co.

T. F. Tsiang, Director of the Political Department of the Executive Yuan, broadcasted a speech on "Local Administration and some of its Problems" over the National Broadcasting Station at Nanking July 20.

Welfare work for the blind in China took concrete form July 18 when a Board of Advisers and a Board of Executives of National Association for the Blind, of which Madame Chiang Kai-shek is President, was appointed.

Seven thousand ricsha coolies July 21 boycotted the British Concession in Tientsin as a protest against the new regulations announced by the British authorities for the examination of ricshas and the issue of licenses.

Hsia Nan-kwan, leading member of the *Hwalien News Agency*, an Anti-Japanese organ, was arrested by Japanese on his arrival in Amoy July 10 from Shanghai, a message to the Hankow *Shao Tao Po* stated.

A plan to settle 100,000 German Jews in Cuba has been submitted to President Gomez by a New York Congressman, William Sirovich, states a *Reuter* message. The President is reported to have received the proposal favorably.

Having squandered Yen 70,000 ,which he allegedly secured through a judicious use of "rubber" checks, in the space of four months, one Chokuei Kase was arrested by the Japanese Consular Police in his home on Woosung Road July 16.

Dr. P. W. Kuo, who recently returned from a round-the-world trip as a member of the Chinese monetary mission to *the United States, has resumed his duties as director of the Foreign* Trade Bureau of the Ministry of Industry.

O. H. Anz & Co., a German firm established in Chefoo in 1886, celebrated its golden jubilee July 15. The business was founded by Otto Anz, the present proprietors, M. A. W. Busse and C. W. Schmidt, becoming partners in 1911.

Kisaku Itoh, a 19-year old junior clerk of a Japanese store on Nanking Road, who disappeared on the night of July 17, was found by the police at 11 o'clock on Sunday night in a Chapoo Road restaurant, unconscious after swallowing a strong dose of poison.

The seventh annual meeting of the China Society of Arts and Science was held at the Kiangsi Provincial Department of Education *in Nanchang, July 18. Cheng Shih-kuei, Provincial Commissioner* of Education for Kiangsi, presided and delivered the opening address.

Dr. Hu Shih, famous Chinese educationalist, philosopher and a delegate to the Conference of Institute of Pacific Relations to be convoked in Yosemite, California, next month, visited Tokyo while the s.s. *President Coolidge* lay over in Yokohama July 16, enroute to the U.S.

Kung Te-che, the 75th lineal descendant of Confucius, was betrothed at Peiping July 21 to the great granddaughter of Sun Chia-nai, famous premier of the Manchu dynasty. The wedding will be held at Chufu, Shantung, the birthplace of Confucius, next month.

Beniamino Bufano, San Francisco sculptor, is about to complete a fourteen-foot stainless steel statue of Dr. Sun Yat-sen. The statue will be presented to the city by Mr. Bufano, and by the San Francisco branch of the Kuomintang and the W.P.A. Art Project, who have sponsored the work.

A manifesto of the British National Labor Council against any affiliation of the Communist Party with the Labor Party was published in the London *Daily Herald*, July 16. The manifesto declared that adhesion with the Communists would create confusion and retard social victory.

"Bobby," son of Mr. and Mrs. J. Warner Brown, former residents of Shanghai, won the second prize in the Lawrence Essay Contest in Park College, Parkville, Missouri, U.S.A. The award is usually a Junior or Senior honor. "Bobby" wrote an essay on his impressions of Soviet Russia.

Col. Henry L. Stimson, formerly U. S. Secretary of State, is reported by the "Washington Merry-Go-Round" to be writing a book on the Far East.

The death occurred in Shanghai July 16 of L. A. Scotchmer, superintendent of the lubrication department of the Texas Co. (China) Ltd. He was 45 years old and is survived by his wife and an eleven-year-old daughter. The deceased was born in Hammondsport, New York.

Found guilty of corruption by issuing false receipts, Kuo Chang-ming and Wang Tsan-shu, former Salt Commissioners for Szechuan, have been given two demerits, according to a decision rendered by the Central Committee for the Disciplinary Punishment of Public Functionaries at Nanking July 16.

F. J. Schuhl, senior member of the American law firm, Schuhl, Davies and Lurton, is planning to depart shortly on a vacation trip to the United States. Mrs. Schuhl will accompany Mr. Schuhl and they plan to make a motor trip across the country, returning to Shanghai in the autumn.

Upwards of 150 librarians and museum directors from all parts of China are attending the joint annual conference of the China Library and China Museum Associations which opened in Tsingtao July 20 at the Shantung University under the chairmanship of Yeh Kung-cho, former Minister of Communications.

After more than a year's service as editor of *Walla Walla*, United States Fourth Marines weekly, Corporal Charles S. Cram has been transferred to Headquarters Company First and will be succeeded by Corporal James N. Hamil. Corporal Hamil has been sports editor of the magazine since he joined the staff in 1935.

Joe S. W. Ma, "Happy Joe," a graduate of the University of Shanghai, arrived back in Shanghai last week from the United States where he spent several years. He recently obtained his degree of Bachelor of Architecture from the University of Southern California, College of Architecture. He will establish himself as an architect in Shanghai.

F. Hsu, General Manager of the Greater Shanghai City Trust, and W. Tan, Manager of the Shanghai City Government Ferry, entertained more than 200 guests at Kiaochao Beach, on the afternoon of July 18. The guests made the trip in two specially reserved ferry boats, which started from the Peking Road jetty, arriving back in Shanghai at 6.45 p.m.

A large national dental clinic, probably the best equipped in the Far East upon completion, will be inaugurated in Nanking late this autumn by the college of dentistry of the National Central University, according to Dean J. L. Wong. Estimated at a total cost of $300,000, the projected clinic will serve the double purpose of rendering cheap treatment to patients and of providing ample opportunity for internes of the college.

Geo. F. Shecklen, President of Nomad Oasis (the Shrine Club of Shanghai), has received word from Noble Tom W. Holman, Potentate of Nile Temple, A.A.O.N.M.S., Seattle, Washington, that a divan from the Temple and a number of Shriners from other parts of the United States had left Seattle July 18, by the s.s. *President Grant*. The pilgrimage will visit Yokohama, Tokyo, Kobe, Shanghai, Hongkong, Manila, Nanking, Peiping and Tientsin.

A Pan-Pacific Union, to be devoted to research and discussion of Pacific affairs, has been organized in Honolulu. A Pan-Pacific Union Research Institution, located in a old mansion on an eight-acre tract of land in the upper Manoa Valley, has also been established. In a recent letter received in Shanghai Frank A. von Heiland, membership secretary of the Union, extended an invitation to Chinese scientists to make their home at the Union while visiting Hawaii.

Referring to criticism of the conduct of the recent investigation at Peiping into charges against two British soldiers made by an official of the Japanese Embassy, Foreign Secretary Eden stated in the House of Commons July 20 that the British Ambassador at Tokyo had been instructed to bring the matter to the notice of the Japanese Government. Mr. Eden expressed the opinion that the procedure at the investigation was the normal procedure of consular courts.

Among the American citizens residing in northern Kwangtung, an area which has become dangerous owing to the civil war, *as given by the United Press, are: M. W. Rankin*, of Newbury, S.C., stationed at Shiuchow, R. R. Montgomery, of Yates City, Ill., at Linchow; Mr. and Mrs. W. L. Winter, of Chicago, at Tsingyuen; Dr. and Mrs. Homer Bradshaw, of Brockwayville, La., at Linchow; and A. H. Van Ettic, of Pasadena, Cal., also at Linchow.

The *China Press* has commenced the publication of a four-page edition in Nanking, the first daily in the English language to be published in the Capital. Offices of the Nanking edition have been set up at 168 Chungshan Road. Heading the editorial staff in Nanking is Hawthorne Cheng, long a member of the editorial staff of *The China Press* at Shanghai. Mr. Cheng will be assisted editorially by Bertha Tan. Mr. Cheng is a graduate of Yenching University. The paper will be published every morning except Sundays.

Bank President Says Foundation of Manchukuo Currency Is Being Strengthened

Tetsusaburo Tanaka, newly-appointed Governor of the Central Bank of Manchukuo, visited Tokyo July 9 for the first time since his Manchurian appointment. Interviewed on the train on his way to Tokyo, Mr. Tanaka said that "Manchukuo's business conditions seem to be favorable in general. During the first half of this year Manchukuo's exports amounted to more than Yen 333,000,000 and imports Yen 334,000,000. The excess imports amounted to only Yen 490,000. Thus the trade balance is maintained. The foundation of the currency of Manchukuo has been becoming more solid gradually with the result that at present the circulation of Manchukuo currencies has reached every nook and corner of the new State, Mr. Tanaka added.

Foreign Traders in Manchukuo Form Joint Front

Faced by strong competition from German traders, aided by the recently concluded Reich-Manchukuo Trade Pact, the British, American and French merchants in the new State have formed a common front, jointly slashing their prices by 20 per cent, according to a report received by the Osaka Municipal Industrial Bureau from Hsinking, July 16.

S.M.R. and Manchukuo to Organize Steel Concern in Manchukuo

Representatives of Nippon's leading investment and industrial interests July 15 agreed in principle to participate in a Yen 25,000,000 steel and iron manufacturing concern to be organized jointly by the Manchukuo Government and the South Manchuria Railway Co.

Britain Lodges Protest Over Ill-Treatment of Indian in Manchuria

The London Foreign Office July 17 made strong representations to the Japanese Ambassador, Mr. Yoshida, against the ill-treatment of a British Indian, named Hussein, and his wife during their detention in Manchukuo. Hussein and his wife are alleged to have been beaten by the police, while Hussein was subjected to water torture, large quantities of water being forced down his mouth.

Hussein was arrested on charges of fraud, but he was released as a consequence of a British protest pointing out his extraterritorial privileges as a British subject.

Many Japanese Are Killed in Encounter with Bandits at Tungning Hsien

More than ten Japanese and four anti-Japanese volunteers were killed in an encounter between Japanese troops and the anti-Japanese volunteers under the command of Yen Sen-tang, on July 15 at Tungning Hsien.

Japanese Execute Chinese Workers in Manchuria

The Laichow *Jih Pao* July 6 stated the Ministry of Foreign Affairs has instructed Hsu Shih-yin, Chinese Ambassador to Japan to lodge a strong protest with the Japanese Government against the maltreatment accorded to Chinese workers in Manchuria, who have been deprived of the liberty to return to China. A general strike was declared by Chinese workers in Manchuria recently as a protest against the maltreatment accorded them by the Japanese. About 15 workers, believed to have instigated the strike, were immediately executed by the Japanese.

French Economic Mission Reaches Manchukuo

A French economic mission arrived in Hsinking July 21 to promote trade relations between France and the French Indo-China and the new Empire.

Alcohol Manufacturing Company to Be Established with German Patent

The Tokyo *Assahi Shimbun* July 14 stated that a contract for the transfer of patent concerning the process of manufacturing alcohol from lumber, has materialized between Germans and a certain Japanese resident of Manchukuo as one product of the recent Manchukuo-German trade agreement. The contract calls for payment of Yen 5,000,000, the first installment payment of which was made recently under the support of the Oriental Development Company.

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In the United States Court for China

ADELAID VAN DE VEERE, Plaintiff, vs. CLYDE E. VAN DE VEERE, Defendant.	Cause No. 4083 Civil No. 1961 ORDER Filed at Shanghai, China, July 8, 1936. WILLIAM T. COLLINS Clerk

The object of this suit is an action for divorce.

WHEREAS, plaintiff herein, by her attorneys, has this 8th day of July, 1936, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 8th day of July, 1936, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 8th day of July, 1936, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China nor has he resided therein since 1934, and that defendant's last known address was Seventh & Hill Streets, Los Angeles, California, United States of America.

NOW, THEREFORE, it is this 8th day of July, 1936, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the "CHINA WEEKLY REVIEW", Shanghai, China—a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 25th day of July, 1936, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:

Dated at Shanghai, China,
this 8th day of July, 1936.

MILTON J. HELMICK
Judge.

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New Books of Interest in the Far East

The Spirit of Revolution in Ancient Cathay

China's Millions, by Anna Louise Strong. 1935 edition published by Knight Publishing Co., New York. U.S. $2.50. 457 pages.

The reviewer earnestly recommends a careful reading of this amazing document. Amazing as an illustration of how a mind can be so obsessed with an idea or a cause that it unconsciously but consistently selects, manipulates, and violates facts forcing them to fit a pre-conceived picture. Amazing as an unquestionably sincere, an understanding, an absorbingly interesting, and an evangellically zealous sermon on the dawn of a new day via the philosophy, spirit, and inevitable triumph of communism. Amazing for its wide sweep of information, for the courage and stamina and mental acumen with which this information was gathered, for the brilliant way in which it is presented. Amazing to me, because I knew Miss Strong in High School when she was the quiet daughter of a quiet suburban clergyman, and I marvel at what can happen to a human being when it "changes worlds." Her book makes me feel tame and dull and insipid.

I am sure that she is mistaken, victimized by her own earnestness. The book does not convince or persuade me. But it does thrill me, and bother me. Am I more reactionary and hidebound than I realize?

The volume is divided into three books.

Book One is the volume that was published back in 1928. It ends with a note of deep optimism in the midst of much cause for pessimism. But events since 1928 have not justified her optimism, and Books Two and Three have been written to bring readers up to date and to let them know how counter-revolutionary reaction has united with foreign imperialism to ruthlessly suppress and falsely betray the spirit of revolution in "China's Millions."

The volume begins with Miss Strong's arrival in Shanghai in May, 1927. We will remember that we were not at our best at that time and her picture of us is not flattering. She goes up to Hankow to study at first hand the revolutionary government and situation in Hankow. It is difficult to credit her report of T. V. Soong's advice to her, when she stopped over in Nanking, "Go up the river. Go as soon as you can. There is nothing to see or hear at Nanking Nothing but glittering words and the old inefficiency of China. In Hankow you will find interesting social experiments, the embargo on silver, the arming of peasants and workers." She goes on to say, "Again and again he told me to tell his sister, Mrs. Sun Yat-sen, and his old friend Borodin, that he would be coming to join them as soon as he could evade Chiang Kai Shek." It is difficult too to credit her picture of Sun Fo, shouting with revolutionary frenzy, "Down with the gentry!"

She pays a beautiful tribute to Mrs. Sun Yat-sen, "the most gentle and exquisite creature I know anywhere in the world. . . Coming of a wealthy Shanghai familiy and having been educated in an American college, she has a sensitiveness which makes even a slight discourtesy torture to her. Yet revolution has claimed her; she was dedicated to it, not only by her own devotion, but by the half worship bestowed on her as Dr. Sun's widow by millions of simple Chinese. . . . Though in manner courteous almost to softness, she has in her a vein of iron. I saw her hold firmly to her path through every possible family and social pressure. Her friends sought vainly to induce her to desert the revolutionary government in Hankow, even placing at her disposal a Japanese ship for flight, on the theory that she was being held unwillingly. When she made it evident that she remained of her own free will, all the subtle weapons of slander were turned against her, bespattering not only her reputation, but Dr. Sun's memory as well. Her best loved brother, T. V. Soong, on whom she had hitherto relied as a revolutionary counsellor, came to Hankow to negotiate a compromise and beg her to desert the Wuhan government. Standing thus utterly alone, with even the most trusted member of her family become an enemy, she never wavered in her devotion to the revolution."

Book One continues with details of "much disillusion, inner conflict, betrayal" beginning with the famous (or infamous) conclave of General Feng et al in Chengchow (the most interesting and authentic account of that conference that I have read) on through timidity, uncertainty, and self interest on all sides, until (written in 1928), "Today over the greater part of China lies a fiercer chaos than there has ever been before. Step by step the Kuomintang which arose as a defiance to foreign imperialism has become the tool of that imperialism. Cut off by its own act from the masses it found in the foreign over-lords its support. The price of that support was subservience to Japan and civil war against the Chinese people. But in the heart of Hunan, among the broken fragments of the revolution, I felt a hope for the future of China which I had not felt in listening to her able orators and clever intellectualists . . . I felt no incredulity when I heard in the half decade that followed, of the orderly achievements begun by these peasants and workers organized under the rising Chinese Soviets. It will be such peasants and workers—and not the northern or southern generals, or the wealthy but subservient burgeoise of Shanghai, or the timid politicians and officials—who will have the courage to carry their country out of the Middle Ages into the modern world."

Book Two narrates the overland trip across northwest China and Mongolia to Moscow, a trek of some 3000 kilometers, across a territory concerning which I am abysmally ignorant, but which is figuring with increasing prominence and importance in the world's news. "The first stage of the Chinese revolution was over . . . the Nationalist United front had ended in a succession of splits . . . The Nationalist Movement itself changed from a peoples' movement to a polite facade." (This was written in July, 1927). "Mrs. Sun Yat-sen had fled, refusing to lend her husband's name to cover what she called counter revolution. Borodin was preparing to leave, with most of the Russians." As she reports it, he answered the urgings of Wang Ching-wei and T. V. Soong who "up to the final moment tried to interest him in their proposal for war against Chiang Kai-shek" by saying, "Since you have decided to break up the workers' and peasants' organizations, I cannot work with you."

The trip overland was made necessary by the fact that "Chiang Kai-shek was arresting all Russians passing down river to Shanghai," and "the route through Peking was still more obviously closed by Chang Tso-ling who was holding Mrs. Borodin in jail. His control extended some distance northwest of Peking into Mongolia, making the usual auto route from Kalgan to Urga impossible."

They left on July 27th. She was allowed to go with them "to take notes," "the rest had other duties." The story of the trip is extremely interesting not only as a romantic and illuminating travelogue, but much more important for its information as to Russian influence and activity in Mongolia. "In 1924, when Mongolia was declared a republic, there was no bank in existence. The new revolutionary government founded a bank with the aid of the Soviet Union, each investing half the capital. The purpose of the bank was first to reform the currency, and second to issue credit for all forms of national industry. The directorate consists of three Russians and three Moogols of whom a Russian is chosen president; while the soviet of the bank and its auditing commission are chiefly Mongols." Education has been a problem against the detached indifference of the lamas. And there is also the very great difficulty of language. Where can they get professors of western studies who can teach in Mongolian? As they came to the Russian frontier, homeland now to this ex-American young lady who has "changed worlds," "I had forgotten that Russia was so orderly, clean, and civilized . . . Many times as I have crossed through Poland, from the Germanized countryside to the Russianized countryside, I have realized how the Germans were the bearers of European order and culture into the great chaotic mass of Slavdom. I had marked the contrast between the neat little German towns, and the ragged, disordered Russian villages . . . But here, crossing from Mongolia into Russia I saw that the Russians were in their turn the bearers of the same order and culture to the tribes of the East." "One by one local Siberian visitors entered and left my compartment on the train. As I talked with each I marvelled how fast the Soviet Union perfects its organizations . . . Probably the best form of help which the Russians are giving to Mongolia lies in the establishment at their very doors of this Buriat-Mongol Republic, where the Buriat-Mongols are learning for the first time modern self government, joining trade unions and women's organizations, and becoming a part of modern life."

"So we passed over the Urals and down through the chill, moist autumn fields of northern Russia towards that city which the outer world knows only as Moscow, but which among the dwellers of the far scattered villages of one-sixth of the earth's surface is given a more significant name—"the Center." Will it become the "center" also for other hundreds of millions—the yellow and brown races to the south and east of Asia, unlike, and yet so like, their brother peasants of the Soviet Union? This is the foremost question today of world history."

"Book III deals with the degeneration of the Nationalist movement, when once it had broken its connection with the masses, and with the rise of the Chinese Red Districts to challenge the Kuomintang and the imperialists" (p.xviii)

It includes three chapters entitled "The Decay of Nanking", "The Rise of the Red Districts", and "The Imperialists."

In the first, she inter-relates the increasing encroachments in China by Japan with the betrayal by the Nanking government of the peoples' revolution. In this chapter she scathingly denounces General Chiang Kai-shek in terms that would come much more fittingly from a Chinese national rather than from a foreigner and that indicate (since her book was published in the United States) that there is still some freedom, at least of speech and publication, in the land she has repudiated as hopelessly imperialistic.

In the second, she affirms that "when Chiang Kai-shek got off the train of the Revolution", "the train kept on going."

"Bewildered masses in all the rural districts fought at first in the name of the "People's Power" to protect from "reactionary soldiers" the "People's Food", "People's Justice", "People's Schools" which they had created under shelter of the northward Nationalist advance. Then as it became clear that the Kuomintang itself was in the hands of the reactionary soldiers, the masses began to fight under the name of "Soviets." The Chinese Communist Party and The All China Federation of Labor, driven underground, organized secret cells in factories, workshops, villages. They sent workers and revolutionary intellectuals into the rural districts to give form to the uprisings, sweeping through China in 1927 and 1928. She tells us that the first local Soviet of China was "drowned in blood" by Nationalist forced transported by British and American warships, and assisted by Japanese marines. But the train of the revolution went on. "By 1930 Soviet districts existed in more than ten provinces, the Red Army claimed 100,000 men, and was admitted by the Kuomintang to have 66,000. By summer of 1930 it captured Changsha, capital of Hunan province. This brought it into the sphere of foreign gunboats, which, as in Canton, dislodged it by bombardment—American, British, French, Italian, and Japanese assisting the Kuomintang." It was this that focused world attention on communism in China. Four campaigns against the Red armies of China have been unsuccessful, she assures us, and have resulted rather in increasing disaffections of both troops and peasants from the Nationalist to the Communist cause. "Dependent more and more on foreign assistance, as the disillusion of the Chinese people steadily grew, the official propaganda of Nanking now begins to show an amazingly humble desire to please its imperial masters."

This sets the stage for her final chapter in which she hits her stride. For her, the picture is simple and clear cut, and without complications. Capitalism is uniting along the China front against Communism. Communism must "save not only the Chinese people but all mankind from a bloody imperialist butchery." But "already the imperial powers were massing them—Japan, Britain. America, France, Germany, Italy—all helping the Kuomintang its anti-Red crusade." Especially America. "Financer of Japan against Manchuria, financer of Nanking against the Chinese peasants and of Canton against Nanking, financer of every internal Chinese slaughter and with her own navy participating in that slaughter—America is the strongest and greatest imperialist in the world!"

The book closes with an appeal "To the American Friends of the Chinese People" by Mrs. Sun Yat sen, dated January 30th, 1936, "I earnestly appeal to you to start a vigorous campaign against American interference in China. . . . .The sending of munitions, airplanes, bombers, pilots, loans to the decadent and corrupt Nanking Government blatantly exposes the active collaboration of American imperialism in massacering millions of Chinese workers and peasants and further provoking and prolonging internal chaos and destruction. . . . . "

In an introductory foreword to this book John Cournos writes, "At odds with Miss Strong's other books, I yield admiration to 'China's Millions,' which, it seems to me, deserves enduring fame." It has not been nearly as convincing to me as it was to him, I willingly yield admiration to it as a stirring and a disturbing document that ought to have a wide and sincere reading.

Shanghai, July 16, 1936. E. W. Luccock.

The 7th issue of the Information Bulletin published by the Council of International Affairs, No. 1 San Tiao Hsiang, Drum Tower, Nanking, has appeared under the title "Hirota"s Three Principles vis-a-vis China." This brochure is the result of a careful study of Japan's recent policy toward this country, presented in an impartial and dispassionate manner.

Shanghai Directory for 1936 Issued by Publishers of China Hong List

The Shanghai Directory, issued by the *North China Daily News* and *Herald, Ltd.*, has just appeared in its usual bright red binding. The format is the same as that used for many years and the arrangement is the same as that used in the China Hong List. In fact, it may be stated that the Shanghai Directory is the midsummer edition of the Shanghai section of the China Hong List. The firms, mostly foreign (but also including the larger Chinese firms), are listed in alphabetical order, each with the Chinese name, the officers or partners and staff, telegraph addresses, telephone numbers, and frequently with a list of the principal agencies or businesses carried by the various firms or companies. There is the usual "Who's Who" giving the names of residents in alphabetical order together with their business affiliations. The Residents' Directory once more lists the foreign residents of Shanghai alphabetically, giving their home addresses. Still another time, both firms and residents are listed in numerical order in a street directory, the streets being listed in alphabetical order. The publishers of the Shanghai Directory have established a record for accuracy, which is well maintained in the current edition. The price is Chinese $6; with map, $7.

In the United States Court for China

IN THE MATTER OF CLAUDE H. CURTIS, BANKRUPT.

IN BANKRUPTCY.

Cause No. 3933
Civil No. 1855
PETITION FOR DISCHARGE.
Filed at Shanghai, China, the 22 day of July, 1936
William T. Collins, Clerk.

BANKRUPT'S PETITION FOR DISCHARGE.

To the Honorable Milton J. Helmick, Judge of the United States Court for China:

Claude H. Curtis, of Shanghai, China, respectfully represents that on the 17th day of August, last past, he was duly adjudged bankrupt under the acts of congress relating to bankruptcy, that he has duly surrendered all his property and rights of property, and has fully complied with all the requirements of said acts and of the orders of the Court touching his bankruptcy.

Wherefore he prays that he may be decreed by the Court to have a full discharge from all debts provable against his estate under said bankrupt acts, except such debts as are excepted by law from such discharge.

Dated this 22 day of July, 1936.

P. F. FAISON
Attorney for the bankrupt.

ORDER OF NOTICE THEREON

Shanghai, China.

On this 22 day of July, 1936, on reading the foregoing petition, it is

Ordered by the Court, that a hearing he had upon the same on the 22 day of September, 1936, before said Court, at 2 o'clock in the afternoon; and that notice thereof be published in the China Weekly Review, a newspaper printed in said city of Shanghai, China, and that all known creditors and other persons in interest may appear at said time and place and show cause, if any they have, why the prayer of said petitioner should not be granted.

And it is further ordered by the Court, that the clerk shall send by mail to all known creditors copies of said petition and this order, addressed to them at their places of residence as stated.

Witness the Honorable Milton J. Helmick, Judge of the said Court, and the seal thereof, at Shanghai, China, on the 22 day of July, 1936.

WILLIAM T. COLLINS, Clerk.

CUSTOMS NOTIFICATION NO. 1530

With reference to Customs Notification No. 1351: notifying, *inter alia*, that the duty rate of G. U. 33.60 under Import Tariff No. 529 (b) represents the duty leviable on Liquid Fuel, others, containing 60 per cent. of Kerosene Oil and that additional duty would be levied on Fuel Oil containing over 60 per cent. Kerosene at *pro rata* rates according to the actual Kerosene content, up to a maximum duty calculated on the basis of 80 per cent. Kerosene content;

the public is hereby notified that, in accordance with Government instructions, the limitation of the additional duty leviable on Liquid Fuel containing over 60 per cent. of Kerosene to the *pro rata* rate for oil containing 80 per cent. of Kerosene is removed, and that from 1st July, 1936, Liquid Fuel containing from over 60 to 99 per cent. of Kerosene is to be subject to additional duty *pro rata* in accordance with actual Kerosene content.

H. O. TONG,
Superintendent of Customs.

PAUL BARENTZEN,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 20th July, 1936.

For a fearless survey of China's foreign relations, Chinese politics, current affairs, economic development and subjects of topical interest, as well as sections devoted to light humor and satirical comment on current events.

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Dr. H. H. Kung Denies Reports of American Loan to China

Dr. H. H. Kung, Minister of Finance, July 21 informed Yakichiro Suma, Japanese Consul-General in Nanking, that there is no basis for the press reports of an American loan to China.

Japan Interested in Alleged Sino-American Agreement

Japan will ask the Nanking Government for information regarding the terms of an agreement recently concluded in Washington between Henry Morgenthau, Secretary of the Treasury, and K. P. Chen, a special financial envoy to the United States, a high Gaimusho official told *Domei* in Tokyo July 21. Although the Foreign Office still has scant information on the matter, official circles in Tokyo were described as believing that credits secured by China under the terms of the agreement would be used by China for strengthening her defenses, the official added. In such a case, he declared, the Japanese Government, "anxious to maintain peace and order in the Orient," could not remain indifferent to such an agreement. If, on the other hand, the official explained, the agreement represents an ordinary commercial transaction, Japan would not be in a position to interfere in the deal.

While paying serious attention to the Sino-American agreement, Gaimusho officials were stated to be continuing to keep a watch on the $100,000,000 barter pact allegedly concluded last month between China and the Reich. The agreement, according to press reports, provided for the barter of Chinese staples for German machinery and heavy armaments. The conclusion of the pact was denied both in Berlin and in Nanking.

The *Shanghai Mainichi* July 20 stated the main purpose of the loan to China by the United States is to strengthen the national defense of China. The following terms (according to the *Mainichi*) were contained in the agreement: Before the end of this year, a total of U.S.$26,000,000 worth of silver be shipped to the U.S.A.; American advisors to be enlisted in the Nanking Government to supervise China's trade; American planes, industrial machines, railway material to be imported from America; exchange notes issued by Nanking to be unified and government revenues other than that of the Customs be to under one control.

U. S. Senate Silver Committee to Adopt Report Emphasizing Improved Relations with China

The Senate Silver Investigating Committee intends to adopt a report in November, following the presidential election, which will emphasize the improved relations between the United States and China subsequent to the signing of the Sino-American silver accord, it was reported in Washington July 19. The chairman of the Committee, Senator Key Pittman of Nevada, has tentatively planned to convoke a committee meeting at Reno between the date of the election and the opening of Congress in January. The purpose of the meeting will be to conclude reports on the two-year investigation carried out by the committee.

That to many people sleep does not come easily these hot nights is merely an uncomfortable fact attributable to the torrid season. But if you find insomnia becoming chronic, then you may be sure that some cause other than the heat is responsible.

Sleeplessness, jumpy nerves, irritability, nervous indigestion, and a tendency to worry and mental depression, are nerve disorders which generally indicate that the blood is impoverished, and lacking, especially, in iron.

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